

**AN EXPLORATORY STUDY INTO NAMPOWER AS A FOREIGN  
POLICY ACTOR 1990-2010**

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## **ABSTRACT**

The Namibian economic development aspirations place a high premium on energy security in general and electricity supply in particular. At the same time, Namibia Power Corporation (NamPower) is highly engaged in the regional electricity market both bilaterally and multilaterally. However, there seems to be a dearth of knowledge on the nexus between the two situations, specifically how the various bilateral and multilateral agreements shape the corporation's actual operations and strategic plans. This study, therefore, explores Namibia's energy situation under a construct of NamPower as a foreign policy actor in order to answer the question of why and how NamPower acts in support of Namibia's foreign policy through its energy diplomacy.

The research design is qualitative and exploratory. The population of the study is the stakeholders who are involved in the energy sector. Pursuant to the fact, the study harnesses a case study that seeks to explore the role of NamPower as foreign policy player. A purposive sampling method remains indispensable in this research with key informants drawn from NamPower, the Office of the Prime, the Ministry of Foreign Affairs, the Ministry of Mines and Energy and the Electricity Control Board of Namibia and other energy experts.

The study reveals that Namibia, through its national power utility (NamPower) has been highly successful in ensuring a constant, reliable and comparatively affordable electricity supplies while its domestic energy generation, as a percentage of demand, has been

declining in the first two decades since independence. The use of NamPower, while recognizable as a soft power strategy is deeply embedded within a regional environment characterized by a considerably high sense of inter-subjective and normative growth within SADC as exemplified by its creation of the Southern African Power Pool to oversee an institution of common energy market for regional economic development. To this extent, the phenomenon accounts for more than the liberalist conception of soft power can muster.

In addition, the study discovers that while it may appear to act autonomously, NamPower is embedded within a national regulatory environment that defines its radius of action, priorities and makes the environment conducive for NamPower's engagement with the various entities within the regional and international energy markets, through the memoranda of agreement that Namibia signs *ab initio*.

Conversely, while Namibia has benefitted from these regional electricity arrangements, it still has to exploit its competitive advantage by developing its renewable energy resources in order to hedge energy security into the future and to address the conditions of energy poverty within the Namibian population. This can also carry an added benefit of entrenching Namibia's social standing as a key player in the regional economic development agenda of SADC.

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**DEDICATION**

This research is dedicated to my beloved daughter Magano (Lukusa) and the entire Shooka family particularly my late sister Mmholo Shitana-Shangombe you gone too soon and that you will always be in my heart till we meet again.

**DECLARATION**

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**LIST OF ACRONYMS/ ABBREVIATIONS**

<b>NAMPOWER</b>	Namibia Power Corporation
<b>ECB</b>	Electricity Control Board
<b>FP</b>	Foreign Policy
<b>ZESCO</b>	Zambia Electricity Supply Corporation
<b>ZESA</b>	Zimbabwe Electricity Supply Authority
<b>ENE</b>	Empresa Nacional de Electricidade
<b>BPC</b>	Botswana Power Electricity
<b>TANESCO</b>	Tanzania Electricity Supply Company
<b>SNEL</b>	<i>Societe Nationale d' Electricite</i>
<b>EDM</b>	<i>Electricidade de Mozambique</i>
<b>ESCOM</b>	Electricity Supply Corporation of Malawi
<b>SEC</b>	Swaziland Electricity Company
<b>LEC</b>	Lesotho Electricity Corporation
<b>ESI</b>	Electricity Supply Industry
<b>ESIA</b>	Environmental and Social Impact Assessment
<b>IPP</b>	Independent Power Producer
<b>MME</b>	Ministry of Mines and Energy
<b>MW</b>	Megawatt
<b>NDP</b>	National Development Plan
<b>OGEMP</b>	Off-grid Energisation Master Plan

<b>RED</b>	Regional Electricity Distributor
<b>SADC</b>	Southern African Development Community
<b>UN</b>	United Nations
<b>EU</b>	European Union
<b>SWAWEK</b>	South West Africa Water and Electricity Corporation
<b>IDC</b>	Industrial Development Corporation
<b>USA</b>	United States of America
<b>PJTC</b>	Permanent Joint Technical Commission
<b>FDI</b>	Foreign Direct Investment
<b>BPSA</b>	Bilateral Power Supply Agreement
<b>SPSA</b>	Supplementary Power Supply Agreement
<b>ZIZABONA</b>	Zimbabwe Zambia Botswana Namibia
<b>SAPP</b>	Southern African Power Pool
<b>WESTCOR</b>	Western Corridor Power Project
<b>MFA</b>	Ministry of Foreign Affairs
<b>MOU</b>	Memorandum of Understanding
<b>OPM</b>	Office of the Prime Minister
<b>SOE</b>	State Owned Enterprise
<b>JV</b>	Joint Venture
<b>HVDC</b>	High Voltage Direct Current

## CHAPTER 1

### INTRODUCTION

#### 1.1 Orientation of the Study

The advent of globalization has been proclaimed as a major challenge to the realist state through the many powerful non-state actors that have, as a result, populated the international system. This has even been seen as the end of state sovereignty as we know it (Willets, 2008).

However, one of the major arguments against such a prediction has been that some of the state actors like the United Nations (UN), the European Union (EU), the African Union (AU), the Southern African Development Community (SADC), and the Southern African Power Pool (SAPP), *inter alia*, are all the creations of the states, and as such exist in the interest of the states that created them. On this basis they cannot be seen as threatening the status of the state in the international system, but rather as an extension of its continuing impact.

Similarly, institutions established by national governments must also be seen in the context of enhancing the interests of states, and as such as an extension of their national interests. The creation of Namibia Power Corporation (NamPower) as a monopolistic national power utility corporation by the Namibian government performs such a role as outlined above. As such, NamPower was created with the responsibility to ensure Namibian energy security in the context of electricity provision and distribution (NPC,

2012). The establishment of such state-owned enterprises has increasingly attracted academic policy interest within the debate of declining state sovereignty. By and large, this stems from the contention that these actors are increasingly being seen as foreign policy agents in their own right. As regards NamPower, the question to pose is this: What role does it play within the realm of foreign policy ‘actor-ness’?

Taking this as our point of departure, this study, therefore, departs from the notion that the state is the key actor in international relations, and adopts a posture of a complex international system which demands the analyses of other actors (including those created by the state(s)) if an attempt to understand both the internal and external policy dynamics of states is to be made.

As noted above, and reinforced by Peter Willetts (2008), these entities must be seen as policy actors in their own right. He further asserts that international organizations are more than the collective will of their members, with a distinct impact upon other global actors with which they interact. In view of the above, one could suggest that, NamPower, though created by the Namibian government, may impact or may be impacted upon by its interaction with other regional utility actors, especially within the context of the SADC-created SAPP, in a way that can affect its behaviour and political outcomes beyond the initial goals of the Namibian government. Interpreted within the context of foreign policy, this argument suggests that the government, or the Ministry of Foreign Affairs for that matter, may no longer have the monopoly on international diplomacy as it has to share the responsibility and space with other actors within the

country which have been created and mandated in a similar fashion to NamPower. The resulting policy implications become of academic and practical significance in the context of minimizing role clashes and inefficiency or redundancy in the use of the limited national resources in pursuit of the national development plans and Vision 2030.

Theoretically, the interest firstly lies in the perceived use of soft power by Namibia to achieve energy security through the use of NamPower in the international and regional electricity markets. However, this also raises questions of how to understand states' created foreign policy actors like NamPower in terms of the existing typologies of non-state actors (Gustaaf Geeraerts, 1995). To probe in such a manner may require the revision of existing frameworks to adequately account for sub-state entities like NamPower, which are neither purely governmental nor purely private in nature. Therefore, this thesis seeks to explore the key role that NamPower plays as a national power utility company in its capacity as a transnational corporation or non-state actor.

It is noteworthy that, electricity is indispensable to the global economy, but it is increasingly produced from resources that present commercial, environmental and geopolitical risks; greenhouse gases continue to accumulate in the atmosphere and the probability that the world will face catastrophic climate change is increasing. The situation is likely to worsen as global demand for energy rises. However, environmental and security experts have been demanding for decades that governments solve these problems by mandating or incentivizing much greater use of the many alternative and sustainable energy sources that already exist.

Thus, energy has become a strategic requirement of the state for increasing economic growth and development. Whether it has to be sourced from outside or in collaboration with international actors, it still places diplomacy at the centre of all such efforts. As advocated by Nye and Keohane (1977), this requires that states use, the three crucial elements of public diplomacy namely: communication, information and engagement. The last category is appropriate in this context because it refers to the building of relationships with individuals or groups abroad in the hope that the resultant goodwill alliance will enhance a country's image and increases the likelihood that the stated outcomes of a country's foreign policy will be realized.

This is of particular significance in view of the increasing importance of energy and discourses concerning the environment in international relations. To engage other actors successfully requires that the tools of diplomacy must be effectively used by NamPower. NamPower has been involved in many aspects of foreign policy, in particular, that of entering into bilateral and multilateral agreements through energy diplomacy. As a non-state actor, NamPower has been signing bilateral and multilateral agreements independent of the state since it was established.

NamPower imports a significant proportion of electricity from neighbouring countries such as South Africa and Zimbabwe and exports some of its electricity to Southern Angola and Eastern Botswana (NamPower 2004). Further, NamPower has significantly contributed to the SADC's regional electricity reform process under the auspices of the Southern Africa Power Pool (SAPP) (NamPower, 2006). This study argues that

NamPower has become a force to reckon with within the Electricity Supply Industry (ESI) nationally, regionally and globally.

## **1.2 Background of the Study**

Before Namibia's independence, NamPower was formerly known as the South West Africa Water and Electricity Corporation (SWAWEK) which was founded in 1964 and transformed into a State-Owned Enterprise (SOE) on July 1996. SWAWEK was a private and fully affiliated company of the Industrial Development Corporation (IDC) of the Republic of South Africa, whose prime objective was the development of the Ruacana Scheme. Between 1926 and 1969 the Portuguese and South African Governments entered into three Water Use Agreements on the Kunene River. The first agreement of 1926, allowed South West Africa (SWA), now Namibia the right to half of the flow of the Kunene, provided that a water scheme for such a purpose would be feasible.

The second agreement signed in 1964, was related to the utilization of rivers of mutual interest between the parties, inferring the inclusion of other rivers like the Cuvelai and the Okavango in Angola. The third agreement was the Water Use agreement of 1969 which made a provision for Namibia to extract water from the Calueque dam and divert it to the Cuvelai in northern Namibia. In that agreement the principle of best joint utilization was accepted and defined as the allocation and utilization, on an equitable basis, of shared water resources with a view to achieving the optimum benefit for the states concerned, within the limits of the available quantity of water (PJTC, 2012). The



249 MW Ruacana power stations were commissioned in 1975 and completed in 1978. However, no development could take place without the approval of the Government of the Republic of Portugal. In 1991, the Government of Namibia and Angola ratified the previous Kunene River Agreement accepting the Master Plan of 1969, as the official guideline for further development of the Kunene River Scheme (Von Oertzen, 2009).

The agreement was known as the Water Use Agreement of 1969; it initiated the construction of the Kunene River Scheme. Further, this agreement established a Permanent Joint Technical Commission (PJTC) and made provision for Namibia to abstract water at Calueque for diversion to the Cuvelai basin in Northern Namibia. NamPower is a proprietary limited company established under the Companies Act No. 61 of 1973 and the corporation's vision is to be a "leading energy company in Africa, which excels in customer service, people development and technological innovation" (NamPower, 2003, p.2).

In pursuance of its mission of providing affordable and reliable electricity for Namibia's prosperity and its people", the corporation joined the Southern African Power Pool (SAPP) in 1999, with the aim to tapping resources within the Southern African Development Community (SADC) region (SAPP, 2007). The corporation has proven to be an important foreign policy actor through such projects as ZIZABONA (Zimbabwe, Zambia, Botswana and Namibia), Caprivi Link Interconnector, Westcor Corridor Power Project, Baynes Hydro Power and the Kudu Gas to Power Project to mention but a few (NamPower, 2005).

The rationale of this study is to analyse Namibian foreign policy and in particular how her energy diplomacy plays a role in the supply of electricity because this is a trans-boundary endeavour which involves negotiation and sometimes in extreme cases, war and conflicts arise while attempting to secure it. Emphasis is centred on understanding the importance of uninterrupted power supply in the country and how that will be maintained through cooperative international relations.

As a state- owned enterprise (SOE), NamPower is a legal entity created by Government however it operates on a commercial basis to undertake economic activities on behalf of its owner, the Namibian Government (NamPower, 1999). The company is governed by a Board of Directors comprising prominent Namibians appointed by shareholders. NamPower operates three major electricity generating facilities, namely, the Ruacana Hydro Power Station on the Kunene River near the Angolan border, the Van Eck Thermal Plant in Windhoek and the Paratus Thermal Plant in Walvis Bay to ensure electricity availability, affordability, and accessibility to all citizens of Namibia (Von Oertzen, 2009). These key energy initiatives enables NamPower to play a major role in the management of the country's energy needs and the sustainability of peace through activities enhanced by the processes of power supply.

**Figure 1: Coal-fired Van Eck is Namibia's Power Station in Windhoek**

**(Commissioned in 1974)**



**Source:** NamPower Marketing and Corporate Communication Department

### **1.3 Statement of the Problem**

The mandate of NamPower is defined in Article 96 of the Namibian Constitution and in various policy documents such as the Electricity Act. No. 2 of 2000 as amended in 2007, the White Paper on Energy Policy of 1998, the Third and Fourth National Development Plans (NDP3, NDP4) and Vision 2030, which is the long-term development framework of the country.

In its capacity as a state-owned enterprise (SOE), NamPower signed several bilateral and multilateral agreements with other power utilities in the region and beyond. By virtue of

its involvement in the regional and international energy market in power generation, transmission and bulk supply of electricity on behalf of the Namibian Government, NamPower has become a significant foreign policy player within the region and the international electricity market. In addition, by investing directly in the Namibian energy sector, NamPower helps in creating a favourable environment for foreign investment and job creation opportunities.

Despite the vital role as alluded above that the national power utility NamPower plays as in foreign policy and its contribution towards the socio-economic growth of the nation, there seems to be limited knowledge on the part of some stakeholders regarding how the various bilateral and multilateral agreements that NamPower engages in shape the corporation's operations and strategic plans.

Hence, the purpose of this study is to explore the role of NamPower as a foreign policy actor and how it acts on behalf of the Government of the Republic of Namibia. Furthermore, the research seeks to investigate the impact of bilateral and multilateral agreements that NamPower entered into with other power utilities of various states as diplomatic strategies to support the national interest of Namibia in the domain of energy security.

#### **1.4 Research Question**

What is the role of NamPower in support of Namibia's foreign policy?

### **1.5 Objectives of the study**

The primary objective of this study is to explore the role of NamPower as a foreign policy actor. In its effort to explore the importance of NamPower as a foreign policy actor, the study has the following sub-objectives:

- i) To demonstrate why and how NamPower is a foreign policy actor;
- ii) To explore the role NamPower plays as provided for in Namibia's White Paper on Foreign Policy and Diplomacy Management.

### **1.6 Significance of the study**

In the light of increasing global shifting and the role transnational or non-state actors' play, it is important to gain a better understanding of the impact NamPower has on foreign policy implementation and decision-making. Moreover, this thesis will attempt to demonstrate the significance of non-state actors in foreign policy conduct, especially in the international realm of energy diplomacy and development. The thesis will contribute significantly to the limited literature in the field of power supply and its relevance to foreign policy. It is also expected that this investigation will assist policy-makers in understanding the fundamental role that energy plays in powering the economy and improving social and economic development in the country. In addition, it will demonstrate that Energy Policy relates to the foreign policy of Namibia. The findings of the study will be useful to policy-makers, Namibian diplomats, public enterprises and scholars. The study serves as a reference point for future researchers and

scholars on issues concerning energy security and may add to the growth of knowledge and academic debate on the topic. It will also help the stakeholders understand the implications and applications of different theoretical viewpoints regarding international relations more generally.

### **1.7 Limitations of the study**

The limitations of this thesis arise from the thinking that some participants might not be willing or might not have sufficient time to answer the research questions. Further, there is a small body of existing literature on the role of NamPower in national foreign policy. Due to the nature of their tight work schedule, it might be impossible to interview government executives who formed part of a high level delegation in both bilateral and multilateral agreements between Namibia and other SADC states. The other limitation is that the time period for conducting the research was also relatively short for the researcher to come up with a well- grounded and thorough study. Lack of sufficient funds to travel abroad and conduct interviews with other transnational energy actors is acknowledged as a further limitation of the study.

### **1.8 Organization of the study**

The study is organized as follows: Chapter One contains the orientation and background of the study. It locates the study within the debate on the primacy of the state in international relations especially with regard to erosion of sovereignty, and explores the question of how to understand the various non-state actors as they are spawned by the

international system. Chapter Two presents the conceptual and theoretical frameworks within which this research can be understood. It explores the concepts of non-state actor, foreign policy and soft power/hard power as analytical frameworks within which the role of NamPower can be understood in international relations.

Chapter two further explores the international relations theories of Realism and Liberal Institutionalism and their utility for conceptualizing sub-state actors like NamPower and explaining their roles and transnational transactions. Chapter Three provides the research methodology while Chapter Four presents the case study of NamPower as a foreign policy actor. It investigates why NamPower is a foreign policy actor and empirically demonstrates how NamPower has gone about this role. The policy implications of such a development are further interrogated, including the location of entities like NamPower in the existing typologies of non-state actors on the basis of its nature and role. The research findings, analysis and presentation are given in Chapter Five. Chapter Six presents the principal conclusions and recommendations to the study.

## **1.9 Conclusion**

This chapter gave the background of NamPower as a national power utility company and highlighted its role as a foreign policy actor through energy diplomacy. The chapter also stated the research problem and research objectives amongst others. The following chapter reviewed related literature to this research.

## CHAPTER 2

### LITERATURE REVIEW AND THEORITICAL FRAMEWORK

#### 2.1 Introduction

This chapter formulates the theoretical and conceptual frameworks for this study. Specifically, the chapter will explore key concepts central to this study and attempt to place these within the meta-theoretical approaches to the International Relations (IR) in order to assess their relevance to illuminating the subject of study. The major concepts used in this research include 'foreign policy' as a subset of public policy, the construct of an actor in international relations and the concept of soft power as a strategic tool in international relations.

The chapter will start by exploring these concepts within the context of Namibia's developmental aspirations as viewed from both its regional and international environments. In addition, a conceptual distinction will also be made between 'state' and 'non -state' actors within the operational framework of foreign policy in attempts to synthesize the contending views scholarly literature on international relations. Scholarly literature does not agree on whether non- state actors need to be considered as distinct and autonomous actors or merely as instruments of states. Generally, there is more of an inclination in the literature towards a mixed- actor model based on the coexistence of states and non-state actors.



Secondly, an exploration of the main theoretical approaches to IR, in particular realism and liberalism will assess their level of relevance for explaining the case study in terms of the key concepts mentioned above, with high premium placed on the ability to explain the rise of non-state activism especially within the field of foreign policy. The admission of non-state actors as important players in international relations demands the privileging of a theoretical approach that can better account for such novel developments in the contemporary world order (Marx, 1971:31). The chapter concludes with a synthesis that brings out the dynamic interactions of the above concepts within the preferred meta-theoretical framework in order to set the stage for the analytic chapters of the study.

## **2.2 Key Concepts**

It is important to examine some key concepts of this research, and provide a conceptual framework of the concepts. In this context, concepts like “policy”; foreign policy; national interest; soft power/hard power, actor and non-state actor will remain indispensable in the ensuing analysis.

### **2.2.1 Foreign Policy and Public policy**

This section attempts to find points of convergence (and/or divergence) between the concepts of foreign policy and public policy. If foreign policy is an extension of public policy, then it may be possible to define it in terms of the developmental aspirations of a state. On the other hand, a foreign policy that is considered different from public policy may suggest that its ends are not necessarily for public good. The argument is that NamPower is a state entity established for public good and, therefore, its doubling in

foreign policy may not necessarily suggest a counter-effort to Namibia's foreign policy objectives. However, it is also recognised that different meta-theoretical approaches to IR will tend to define it differently.

Anderson (2011, p.6) defines 'policy' as a "relatively stable, purposive course of action followed by an actor or set of actors in dealing with a problem or matter of national interest." Similarly, Van Nieuwkerk et al, (2001, p.90-91) refer to policy as "a broadly defined statement of intentions that specifies general procedures and guidelines for authorization and action". In the same vein, a "policy" can be understood as political, management, financial and administrative mechanisms to reach explicit goals. In this case, the term is not used to indicate what is actually done, but refers to a procedure or protocol of what has to be done to address the concern. For the researcher a "policy" is a decision that an organization makes, implement or carries out and implies some long term purpose in the bigger picture.

As stated by Rosenau (2006), a policy is a form of action which involves selection of objectives, mobilization of means for achieving those objectives, and implementation, or the actual expenditure of efforts and resources in pursuit of the selected objectives. A common misconception of "policy" is that it includes only the statement of objectives or decision-making without specifying the means of achieving them; such a decision is the expression of sentiment rather than a policy (Rosenau, 2006).

### 2.2.2 Public Policy

'Public policy' is "whatever governments choose to do or not to do" (Dye, 1987, p. 3). In terms of this definition, the focus is *not* only on government action, but also on government inaction, that is, what government chooses not to do. The reason is that government inaction can have just as great an impact on society as government action. For this reason, a state can choose which specific foreign policy it wants to conduct. This study submits that public policy is the sum of the government activities whether enacted directly or through agents which has an influence on the life of the citizen. The activity of energy generation, marketing and distribution by NamPower, therefore, lends credence to the assertion that the company must be viewed as a public policy actor.

Parsons (2005) has analysed public policy in terms of how, why, and to what effect governments pursue certain courses of action or inaction. In addition, Parsons (2005) believes that public policy refers to those spheres which are clearly identified as public as opposed to those which we accept as private.

'Public policy' is a desired course of action and interaction which is to serve as a guideline in the allocation of resources necessary to realize societal goals and objectives, decided upon and made publicly known by the legislator. Policy can therefore be seen as the authoritative but democratic allocation of values, implying the result of consensus and compromise between contending groups in society. This means that public participation should be the cornerstone of policy-making (Hanekom, 1987, p.8).

### **2.2.3 Foreign Policy**

“Foreign Policy” as an aspect of international relations is still subject to contentious definitions. Attempts to define it have been replete with contentions between the prevailing mainstream theories of International Relations (IR) and Foreign Policy Analysis (FPA), with the result that those seeking to define it will generally go along the grain that favours their intentions for seeking common understanding around the concept (Hudson, 2005).

For the purpose of this study, it is important to acknowledge that the international system is not only made up of states, but also numerous other variety of actors collectively termed “non-state actors”. In addition to states, these actors engage and transact with each other at various levels of the international system within a policy framework that is generally regarded as ‘foreign’ in contrast to the ‘domestic’ policy framework.

Besides, the recent onslaught on realist thought warrant a more nuanced consideration or synthesis of the idea of foreign policy to reflect contemporary thoughts on the concept and to bring some usefulness to the concept with regard to this study. For this reason, a launching definition would go along the lines of Hill (2003, p.3), that foreign policy is “the sum of official external relations conducted by an independent actor (usually a state) in international relations”.

This definition allows for inclusion of entities other than states, like NamPower, while also recognizing the myriad of other transnational transactions that occur at various levels of government and beyond. Foreign policy, therefore, becomes the sum of all

these activities of both state and non-state actors. It is also worth noting that the blurring of the distinction between high and low politics is also implicit in this definition. **Couloumbis and Wolfe, (1990, p.114)** define ‘foreign policy’ as “a fusion of the ends (*national interests*) and means (*power and capabilities*) of states” which consists of two elements namely; national objectives to be achieved which are determined based on national interests and means of achieving them. Additionally, Goldstein (1994, p.95) defines ‘foreign policy’ as a strategy used by the government to guide its actions in the interaction arena”.

Plano and Olton (1982, p.5) assert that ‘foreign policy’ is the “strategy or planned course of action developed by the decision makers of a state vis-à-vis other states or international entities aimed at achieving specific goals defined in terms of their interest”. More recently, James Rosenau (2006) suggests that foreign policy concerns itself with particular issue-areas. While Couloumbis and Wolfe (1990) definition of foreign policy have realist connotations, Goldstein (1994) comes across as less forceful and rational in that a guide is not prescriptive. But Plano and Olton (1982) take us back to the realists. The question to pose is: if foreign policy is the deployment of power in pursuit of national interests, how can non-powers like Namibia ensure that they also can achieve their foreign policy objectives without having to come across as aggressive?

#### **2.2.4 National Interest**

The role of collective identity in state behaviour, especially its foreign policy making, is played through two channels. One is defining national interests to exert impacts on state

behaviour, especially the choice of foreign relations; the other is forming international norms to regulate state diplomatic behaviour and restrain its foreign policy. The national interest of a state determines the constitution and fulfilment of its foreign policy. As E. Carr (1946) points out in his "Twenty-year Crisis," national interest plays an important role in international politics hence; it is the highest criterion for foreign policy. Conversely, political realists such as Morgenthau (1965) stated that, interest is the eternal criterion in valuing and guiding political action. In addition, factors of determining national interest not only refer to material power emphasized by realism, but also include socially constructed state and collective identities. Wendt (2003) points out that national interest include physical survival, autonomy, economic well-being, and collective self-esteem.

Equally, national interest refers to a country's goals and aspirations. Furthermore, it is a priority necessary to preserve any state's political independence, economic autonomy, and territorial integrity and is used by politicians in seeking support for a particular course of action in foreign policy. In this context, national interest refers to public interest even though it differs from one state to another. For instance, the national interest in securing natural resources such as oil, gas or land, may differ from state to state. Others may wish to expand their own political and economic influence, while they prefer to be left alone (Morgenthau, 1948).

In the Namibian context, the national interest is derived from the nation's shared values, goals and aspirations. These goals and values can be classified as territorial, political, economic, scientific, social or cultural (Namibia's Defense Policy, 2007). These can be

categorized as **vital interests** that are concerned with the survival of the nation and include preserving the territorial integrity of the state, ensuring of the nation's sovereignty, protecting democracy, and the country's economic resources and Namibian citizens both inside and outside of its borders.

**Subsidiary interests** are derived from the understanding that Namibia is a nation living among a community of nations. Hence, its subsidiary interests are focused on the promotion of friendly relations and mutual benefit with other nations for the maintenance of global peace and stability (Namibian's Defence Policy 2007, p. 20). (According to the NamPower Annual Report (2010), NamPower was instrumental in promoting a 'win-win' outcome in support of mutual beneficial relations through the NamPower-Zesa Power Supply Agreement. This agreement allows Zimbabwe access to finance meant to rehabilitate the Hwange Power station.

In signing this bilateral agreement, Namibia managed to secure a reliable and affordable supply of 150 Mega Watt (MW) of electricity. Amongst other subsidiary interests, Namibia aims at cooperation, peace and stability, sustainable economic development and a secure environment within the SADC region (Namibia Defense Policy, 2007). From the above reading, both vital and subsidiary interests are promoted by state and non-state actors.

### **2.2.5 State and Non-State Actors**

With the advent of the third phase of globalisation in the 1990s, it was contended that the role of the state has to be reconceptualised (Held and McGrew, 1993; Keohane and Nye,

2001). They argue that: “This globalization of economic forces has transformed the parameters within which national economic management is pursued.” (Held and McGrew, 1993, p. 269). The afore-mentioned suggests that states now increasingly have to share the international arena with non-state actors. From this reading, states are not less important than before, but there seems to be a recognition that others actors- be they state establish or not- are also actors in their own right.

In this context a state actor refers to “a person or an organization that plays a role in politics and directly represents the governing power of a state” (Hill, 2003, p.53). Customarily, the chief state foreign policy actors in most states would be the head of state, prime minister and the foreign minister. In some countries the legislature also has considerable oversight. With the exception of France, Finland and Namibia, it is the head of state that is responsible for formulating foreign policy while the head of government mainly deals with internal policy.

To the contrary, in monarchical systems such as the United Kingdom, the Prime Minister as elected head of government will be responsible for the formulation and implementation of foreign policy although the Queen is the Head of State under the unwritten constitution (Coulombis and Wolfe, 1990). But, as was pointed out elsewhere, state actors are not the only actors promoting or participating in the foreign policy formulation but non-state actors too.

The proliferation of non-state actors in particular since the 1980s, have led some observers of international relations to conclude that states are declining in importance



and that non-state actors are gaining status and influence. Theories of international relations such as the “complex interdependence” of Keohane and Nye (1989, 2001) were formed in order to explain these new developments. Kegley and Wittkopf (1995, p.2) point out that “as the world grows smaller, mutual dependence of nation-states and other transnational political has grown”. From the global perspective, according to Baylis, Smith and Owens (2008, p.332) “non-state actor” is a term widely used to mean any actor other than state. According, to Keohane and Nye (2001), non- state actors are direct participants in international relations as they present multiple channels of contact among countries and people. This implies that trans-governmental organizations and national organizations play an active role in world of politics. These authors further argue that transnational actors such as multinational companies’ private banks and other organizations such as state-owned enterprises like (NamPower) have become an integral part of external and domestic relations.

In short, since global governance is increasingly pluralized, non-state actors such as environmental, human rights; and gender organization play an increasing important role in international relations (Weiss & Gordenker, 1996). Moreover, these organizations, according to Karns and Mingst (2010) have changed the international environment by reframing international discourse.

Since recent technological economic and social developments have posed enormous challenges to the capacity of territorial states to fulfil their traditional functions of security, welfare and identity” (Migdal, 2004), it is impossible to separate public from

private, domestic from foreign policy, and political from economic and social matters. Viewed in this light, the participation of NamPower in international relations on behalf of the state in the domain of energy diplomacy remains instructive. It can also be deduced from above that non-state actors are important, not only because of their activities in pursuit of their own interests, but also due to the reason that they act as “trans-national belts” or “transmission belts” making government policies in various countries which are more sensitive to one another (Keohane and Nye, 2001).

Practically, this means that NamPower is a proxy of the State and as such represents the State’s foreign policy pursuit. In addition, NamPower does not represent the totality of the Government, but only a small portion of the energy sector that qualifies it to be a non-state actor.

### **2.2.6 Soft Power**

It is contended that there are two great power shifts being alleged in this century: “a power transition among states and power diffusion away from all states to non-state actors” (Nye, 2011, p. xv). Accordingly, the first contention is exemplified by the rise of Asia while Europe is receding. The second contention suggests that there are increasingly more and more things outside the control of even the most powerful states, while non-state actors are gaining leverage in the international system at the expense of the states.

Therefore, all states need to cooperate with others to achieve desired outcomes in international relations. For example, climate change, global diseases, financial stability

and security. So, as correctly observed by Joseph Nye, the world is moving away from “power ‘over’ others” towards “power with others” (2011, p. xvii). Faced with the declining hard power influence of America in the multi-polar world order, characterized by the absence of the Soviet Union to provide a unifying factor among democracies, Joseph Nye (2004, 2011) advanced the concept of “soft power”, about two decades ago. The notion of “soft power” has now become a popular reference point in international politics.

However, defining power is an illusion and a difficult endeavour and as such all efforts so far remains highly contested (Barnett and Duvall 2005). Nye (2004, p.1) illustrates the contentions around the concept of power by pointing out that power is “like love, easier to experience than to define or measure, but no less real for that”. But since interest of this thesis is in policy and its outcomes, a preferred definition will be “the ability to do things and in social situations to affect others to get outcomes we want” (Nye, 2004, p. 6).

The above definition implies that power is contextual and has agents and subjects which may need to be identified *a priori* if one wants to understand a particular instance of power (Nye, 2004). In policy context, the definition also resonates with the goal of a government policy where the intention is to derive some public good (Nye, 2004). In this context, power denotes the ability of the government to project its resources (tangible and intangible) to achieve the ends of the concerned policy. In the context of the alleged power shifts, then governments in their policy endeavours may have to contest with and

influence other states and the proliferating non-state actors in order to get the intended outcomes (Nye, 2004).

This influence, according to Nye (2004), can be achieved through different ways, including coercion, inducement with payments or co-option. The former is categorised as hard power, while the latter is termed soft power. In world politics, power is conceived as a three-dimensional chess board, where the top is characterized by classic interstate military issues dominated by the USA as a unipolar power. In the middle, it is made up of inter-state economic issues, and the distribution of power is, therefore, multipolar. Here the USA needs the agreement of key actors like the EU, China, Japan, etc., to obtain the outcomes it wants.

However, at the bottom is transnational issues like terrorism, international crime, climate change etc., and here power is “widely distributed and chaotically organized among state and non-state actors” (Nye, 2004, p. 4). Accordingly, it is this bottom board that often requires the use of “soft power”. In terms of non-powers it can then be argued that they fall within the second tier but may also, within regional dynamics, occupy all three levels.

If power is the ability to influence others to get the outcomes that one wants, then soft power is defined by Nye (2011) as the ability to make others want what you want and it rests on the attraction a set of ideas exert, or on the capacity to set political agendas that shape the preferences of others. According to (Nye, 2004, p. 7) soft power “uses the attraction to shared values and the justness and duty of contributing to the achievement

of those values”. It “rests primarily on three resources: its culture (in places where it is attractive to others), its political values (when it lives up to them at home and abroad), and its foreign policies (when they are seen as legitimate and having moral authority)” (Nye, 2004, p. 11). However, he also acknowledges that soft power is a more difficult instrument for a state to wield than hard power because of two reasons, namely that “many of its critical resources are outside the control of governments; and, soft power tends to work indirectly by shaping the environment for policy” and this may take longer to produce desired results (Nye, 2011, p. 83). The two theoretical views (realism and liberalism) which reflect the divergence in the application of soft power are next explored.

### **2.3 Theoretical Framework**

The study of international relations has traditionally privileged realism and liberalism, as its theoretical frameworks. These meta-theoretical approaches are based on differing ontological and epistemological assumptions with a result that their conclusions are invariably irreconcilable. For this reason, it is a common practice for researchers to select a particular approach *a priori* in line with the general objective or area of interest of the particular study.

Additionally, the suggestion that theories of international relations cannot be reconciled with theories of foreign policy is dismissed in this study because the study of international relations implies accounting for foreign policy choices of states (Waltz 1979, 2008 Booth, 2011). Therefore, with prior formulation of an appropriate

framework, the two areas can be employed to cross-illuminate each other in a useful way. The argument here is that the relevance of any particular approach is determined by the objective and the subject of study. The two directly have implications for the unit of analysis, which invariably differ between the approaches. It is, therefore, the aim here to explore these meta-theories with an eye on their consonance with and antagonism to foreign policy analysis.

#### **2.4 Realism/Neo-Realism**

The realist scholarship (including its recent variant, Neo-realism) is about the pursuit of power and absolute gains by states in international relations. Its pedigree includes thinkers like Thucydides, Machiavelli, Hobbes, E. H. Carr and Hans Morgenthau, Waltz, Measheimer and Grieco (Gallarotti, 2010). It assumes that states' motivation is to secure their survival in an anarchical international system. In their formulation, states are pre-existing and fully-formed rational actors, which are also afflicted by self-interest. As a rational actor, a state's security interest is fundamental and determines its behaviour.

To achieve this, states can try to protect and possibly increase their own autonomy by guarding against the attempts of other states to bring their influence, or they can rely on other sources, like influence, to increase their security (Grieco 1995). Hence, the tendency to privilege elements of national power in the assessment of national power and therefore national security (Lamy, 2008).

The core elements of Realism/Neo-Realism are statism, survival and self-help (Baylis et al, 2011). With regard to the first, Realists regard the state as the main actor and

sovereignty as its distinguishing trait in the international system. In this construction, the internal domestic environment of states is conceived as orderly and secure, in contrast to the anarchic external environment due to the absence of sovereignty. Due to this anarchy, states in the international system compete against each other for security, markets, influence etc., (Dunn, 1994). In order to guard against external threat states have to accumulate power internationally.

The second principle of Realism is survival (Baylis, et al, 2011). According to Realists, in the international politics, the pre-eminent goal is survival of states. It is a pre-condition for attaining all other goals of the state. While there is controversy with regard to power versus security maximization (Mearsheimer, 1994; Little, 2007), the underlying corollary to this principle is that states have different set of ethics than those that govern human behaviour (ethic of responsibility), according to realists.

The third principle is self-help, in which they assert that because there is no authority above states, security in the international system can only be realized through self-help (Waltz 1979; Balyis et al, 2011). But this self-help has been found to create a security dilemma in which states feel no more secure than before they undertook measures to enhance their security (Wheeler and Booth 1992). To mitigate this state of affairs they suggest a policy of balance of power that then underpins the foreign policy actions of states that pursue realist prescriptions (Little, 2007).

Neo-realism as the latest variant of Realism attempts to circumvent some of the problems that are faced by the earlier variants including Thomas Shelling's Strategic

Realism (Armstrong, 1980) by staying clear of human nature and the ethics of statecraft (Morgenthau 1948). Waltz (1979) as the leading neo-realist privileges the structure of the international system as the deterministic factor in the behaviour of states. According to him the necessity for policy derives from unregulated competition between states and that success (defined as preserving and strengthening the state) is the ultimate test of policy. But like the rest of realists, Waltz (1979) focuses exclusively on states. His notion of state leaders as prisoners of the structure result in the lack of explicit policy guidance to state leaders in the conduct of their state's foreign policy (Jackson and Sorensen, 2012).

But throughout the pedigree of realism is the common thread of failure to recognise the human hand in the international system, except as a helplessly self-interested permanency. They fail to recognise that the international system, like the state, was formed as a result of human ideas and actions. However, the end of the Cold War, much against realist predictions for a continuing stable bi-polar world order, created one of the major problems for Realism as a hegemonic theory of international relations (Mearsheimer, 2001).

The advent of globalization with its attendant proliferation of non-state actors in world politics has been another area that defied realist explanations. Notwithstanding these, however, realism still finds utility in explaining the interplay of national interests "beneath the rhetoric of universalist sentiments" (Dunne and Schmidt, 2001, p. 157). Vazquez rightly observes the irony in the continued utility of Realism when he observes



that “The great virtue of realism is that it can explain almost any foreign policy event. Its great defect is that, it tends to do this after the fact, rather than before” (p. 324). Most crucially, unlike Liberals, Realists fail to accord a significant role to non-state actors.

## **2.5 Liberalism**

Liberalism comes in a number of shades or strands, namely: sociological liberalism, interdependence liberalism, institutional liberalism; and republican liberalism (Baylis et al, 2011). The basic assumptions common to the liberal thought are based on a positive view of human nature; a conviction that international relations can be cooperative rather than conflictual; and, a belief in progress (Jackson and Sorensen, 2012). Although reference may be made to all the strands of liberalism above, the main interest of this chapter is on (Neo-) Liberal Institutionalists thought and its convergence and/or divergence with the realist/neo-realist viewpoints.

Liberal Institutionalism from the start subsumes realist thinking (Keohane, 1986; Keohane and Nye, 2001; Baldwin 1993). The theorists purport to explain everything that the realists can explain and still provide a lot more. This “lot more” has to do with priorities of state decision-making that extend well beyond security issues to include the multidimensional economic, social and ecological interdependence of states and other international actors (Kolodziej, 2005, p. 150). While affirming the centrality of the state and the condition of anarchy, liberal institutionalists also widened the scope of international relations to include interests other than security and, owing to the above, the recognition of other actors in international politics as important (Keohane and Nye

2001). For this reason their levels of analysis go beyond the inter-state and systemic levels posited by the realists, to include transnational and domestic political levels.

Key differences with realists/Neo-realists include the liberal institutionalists' perceived ability of states to manage and possibly overcome the problems of uncertainty and lack of coordination of actions in an anarchical world system, through the creation and use of institutions for mutual benefits by states (Abott and Snidal, 2010).

The primary argument is that the distribution of benefits to cooperating egoists through institutions can be effectively and equitably maximized to exceed the gain each might achieve through unilateral action. Additionally, liberal institutionalists, in contrast to realists conceive of the world as a network system that creates additional constraints to state behaviour (Keohane and Nye, 2001).

While interacting with each other, states are also seen as simultaneously interacting with other actors at transnational and domestic levels which invariably impact their actions and policies in a number of areas. Robert Keohane and Joseph Nye (2001) developed this line of thought further through their theory of "complex interdependence". By complex interdependence, they refer to situations characterized by reciprocal effects among countries or among actors in different countries, often resulting from international transactions – flows of money, goods, people and messages across international boundaries – with costly effects on one or both parties. Globalisation is cited for increasing these transactions.

According to Liberalism, the networks of exchanges between states and non-state actors, along which they conduct their bargaining for advantage, have purportedly changed international relations in three main ways. Firstly, multiple channels now connect societies, including informal ties between governmental elites as well as formal foreign office arrangements; informal ties among non-governmental elites and transnational organizations. According to Keohane and Nye (2001), the former involves relations through normal channels assumed by realists, and the next channel applies to situations where different sub-governmental and non-governmental actors partake in foreign policy relations thereby defying the realists assumption of the unitary actor model, while the last applies when the assumption that states are the only units in the international system is relaxed. The effect of these interactions between actors and their diverse interests, aims, and power capabilities is the creation of multiple channels through which they can achieve their purposes. States therefore can now rely on other actors (non-state) to achieve their objectives even in relation to other states.

Secondly, complex interdependence posits that states confront multiple issues simultaneously rather than serially and sequentially, resulting in a horizontally defined agenda with competing requirements that call for hard choice trade-offs between policy problems, rather than the realist hierarchical (high/low) politics. This means, therefore, that military security does not always dominate the agenda as claimed by realists, and the variety of issues blurs the distinction between domestic and foreign policy issues. Faced with this reality, states have to employ different and/or a combination of forms of state power (hard and/or soft power) to advance their interests.

The significance of this development is that while NamPower may appear at some level as a purely domestic entity within Namibian energy industry, at some other level it comes out as a key foreign policy actor capable of forging regimes with other regional utility corporations that can determine the foreign policy outcomes for Namibia and the rest of SADC. This may become significant in contextualising NamPower as a sub-state entity and a foreign policy actor as it raises questions of capability within sub-state actors to understand and interpret national interests to the same level as the ministry of foreign affairs. As rightly pointed out by Keohane and Nye (2001), national interest may be defined differently on different issues, at different times and by different governments units.

Thirdly, according to the pioneers of complex interdependence, military force is long used by governments toward other governments, or on the issues, within a region so gripped by interdependence. To this end, states have to resort to other forms of power to influence not only other states but also other actors.

Viewed under complex interdependence where issues are imperfectly lined, in which coalitions are formed trans-nationally and trans-governmentally, the potential role of non-state actors (read international institutions) in political bargaining is greatly increased. As Keohane and Nye (2001, (p. 30) correctly point out “they help us set the international agenda, and act as catalysts for coalition formation and as arenas for political initiatives and linkages by weak states. This suggests that NamPower could be

giving Namibia a political mileage, especially within the SADC region, to achieve the outcomes that it wants.

## **2.6 Conclusion**

This chapter has explored the concepts of foreign policy as an extension of public policy projected to the international environment, actors in the international system with a particular focus on non-state actors, and soft power as a strategic instrument especially in the context of new regionalism. It had also sought to explore the mainstream theories of IR in terms of their affinity to PFA. The chapter concludes by synthesising between the concepts and the IR theories in terms of their utility to this study. Although, it faces sustained challenges from the liberalists, realism continues to provide, for a large number of scholars and foreign policy makers, the basic assumptions for the analysis of world politics (Mearsheimer, 1994) since power is crucial to the realists; states with more power stand a better chance of surviving than states with less power. As noted by Keohane and Nye (2001), realism is based on three fundamental assumptions which are firstly, the state-centric assumption whereby states are the primary and only important actors in world politics; secondly the rationality assumption whereby states are analyzed as if they were rational and unitary actors; and thirdly, the power assumption whereby states primarily seek power, most often military power, both as a means and as an end in itself.

These assumptions of the realists will not be applicable to this problem considering the fact that both the state and non-state actors partake in the international politics of the country. As such, in the case of Namibian foreign policy and/or international relations, the state is neither the primary nor a unitary actor. Namibia, being a small nation and a developing state, requires more collaboration with the business community and private sector for the government to accomplish its national objectives.

According to a study by Mushelenga (2008), Namibia's foreign policy is largely based on the liberal paradigm. The latter is guided by principles emanating from neo-liberal economies such as free trade, the free market and private property rights. As a consequence, democratic states are more likely to respect the right of their citizens and are less likely to go to war with their neighbours. For liberal institutionalism, the international system has moved away from state-centric configurations to accommodate the plethora of important and highly influential non-state actors.

As rightly observed by Mansbach, Ferguson and Lampert (2006), realism no longer offer a comprehensive theory because of fundamental changes in the structure of the international system. Relations between states can be conceived at different levels and involving disparate actors: interstate, inter-governmental and transnational arrangements are now abound, and the agenda of these relations shows multiple issues that are not necessarily hierarchical (Keohane and Nye 1989, 2001). The multiple actors and the varied agenda necessitate the employment of different strategies and forms of power away from hard power politics, to achieve their aims in the transactions. In fact states are

seen moving towards the use of non-state actors to deal with other states and other non-state actors (Nye, 2011).

In summary, the theories differ in terms of how they conceive of actors and their basic motivation along a rationalist-non rationalist divide. Not surprisingly, they, therefore, study/approach foreign policy differently.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.1 Introduction

Research methodology encompasses the complete research process; the research approaches, procedures and data collection or sampling methods used and addresses the research questions for the study (Mason, 2002). Therefore, the aim of research methodology is to understand the processes and not the product of scientific inquiry (Cohen and Manion, 1994). This chapter aims at illustrating how the study of NamPower as a foreign policy actor was designed. As such, this chapter will elucidate briefly the research methodology that informed this research and will also highlight the population for the study, sampling procedure, research instruments, and data analysis.

#### 3.2 Research Design

Research design is a blueprint of research, dealing with at least four problems; what questions to study, what data are relevant, what data to collect, and how to analyse the results (Yin, 1994). It is much more than a work plan because the main purpose is to provide within an appropriate mode of inquiry, the most valid and accurate answers possible to the research questions (Denzin and Lincoln, 2000). As noted by McMillan and Schumacher (2001), an effective research design outlines the defined purpose in which there is coherence between the research questions and the methods or approaches proposed that generate data that is credible and verifiable. Hence, the research design deals with a logical problem and not a logistical problem, and also specifies how the



investigator addresses the two critical issues of representation and validity. As a result, this thesis harnessed a qualitative research design to explore the role of NamPower as a foreign policy actor. McMillan and Schumacher (1993, p.479) defined qualitative research as, “primarily an inductive process of organizing data into categories and identifying patterns (relationships) among categories.” The definition implies that data and meaning emerge “organically” from the research context. In the words of Tech, (1990, p.55) qualitative research refers to any information that the researcher gathers and not expressed in numbers. Further, qualitative research seeks to gather opinions and ideas from the key informants.

The qualitative approach to research is typically used to answer questions about the nature of phenomena with the purpose of describing and understanding them from the participants’ points of view. In this connection, qualitative exploratory research was used to conduct the research. The latter was designed to generate knowledge, clarify issues and uncover variables to address the research objectives.

### **3.3 Population**

Best and Kahn (2006, p.13) define “population as a group of individuals who have one or more characteristics in common that are of interest to the researcher”. Hence, the population here is stakeholders in the energy sector. The key stakeholders are NamPower, the Office of the Prime Minister (OPM) being responsible for the State-Owned Enterprise (SOE), the Ministry of Foreign Affairs (MFA) as a catalyst of foreign policy, the Ministry of Mines and Energy (MME) as a custodian of energy policy and

the Electricity Control Board of Namibia (ECB), as a national regulatory body. These categories were selected because they had particular features or characteristics that enabled detailed description and exploration in this research. The population selected constituted NamPower`s legislative environment, the block which is involved in engaging and disengaging when it comes to international relations. In this context, the population was chosen in relation to the statement of the problem of this research and thus minimizes bias.

### **3.4 Sampling**

According to Babbie (1992, p.232) a sample “is a special subset of a population observed for a purpose of making inferences about the population itself”. The sampling method which was applied in the selection of the study sample was based on the purposive sampling method. Inclusion into the study sample was based on the judgment about some appropriate characteristics of the sample members.

A non-probability purposive sampling strategy was used in this study. Merriam (1998, p.61) emphasizes that “purposeful sampling” is based on the assumption that the researcher needs to discover, understand, gain insight and must select a sample from which the most can be learned. The logic and power of purposeful sampling, therefore, lies in selecting information rich cases for in-depth study. The researcher selected respondents non-randomly for a particular reason to generate meaningful and relevant data that enabled the research questions to be assessed, addressed and rounded arguments developed to support the research findings (McBurney, 1994).

To that effect, non-random purposeful sampling was used by the researcher to identify two representatives from each key stakeholder in the energy sector and those involved in national policy formulation mentioned above. Further, since the aim of the study was to explore the role of NamPower as foreign policy actor, it is believed that due to their influence in the power utility's policy formulation, regulation and crafting of strategies the identified stakeholders were the most appropriate respondents for this research. Table 2 below indicates the selected population in terms of selected institutions and the number of respondents as well as their designations.

**Table 1: Population of the Study**

<b>Name of Institution/Office</b>	<b>Designation</b>	<b>No. of Respondents</b>
NAMPOWER	Managing Director Energy International Manager	2
OPM	Accounting Officer/PS- SOE Executive Director –SOE	2
MFA	Deputy Minister Special Adviser on Foreign Affairs	2
MME	Accounting Officer/PS Deputy Director of Electricity	2
ECB	Chairman Manager of Regulatory	2
<b>TOTAL</b>		<b>10</b>

Source: Survey Data

### **3.5 Research Instruments**

The research is based on a qualitative data. Qualitative research often uses multiple instruments and techniques of data collection known as triangulation. The study adopted the data triangulation technique by using a combination of data sources with the effect that the strengths and weaknesses in each source are compensated when used together (Best and Kahn, 2006). The aim was to improve the validity of the findings. Although, data collection for case studies can rely on many sources of evidence including documents, archival materials, interviews, direct observation, participant observation, and physical artifacts. No single source has complete advantage over all the others.

However, the in-depth interview was the main qualitative method used to generate data in this research. McMillan and Schumacher (2001) state that the in-depth interview merely extends and formalizes conversations and is often characterized as a conversation with a goal. In this case, the goal of the conversation was to explore the role of NamPower as a foreign policy actor. Furthermore, the open-ended nature of the research method allowed the respondents to answer questions according to their own frame of reference (Bogdan and Biklen, 1992).

An in-depth interview focus on the individual and provide an opportunity to address complex experiences and investigates each respondent's perspectives using a range of probes to achieve in-depth understanding of the research phenomenon. Most importantly, this type of data collection method generated data that added richness, depth and roundedness to the study (Ritchie and Lewis, 2003). In the context of this

study, documentary sources and interviews based on an aide memoir list of questions were used as the primary research instruments in the data collection process. In addition, the researcher used a digital recorder to record the proceedings during the interview process as a backup. Ethical considerations were recognized and the respondents agreed to the use of the digital recorder.

### **3.6 Procedures**

Written permission to conduct the study was obtained from NamPower authorities. Informed consent was sought from the selected respondents before in-depth interviews were conducted. The researcher used face to face in-depth interviews in collecting primary data. The interviews were conducted upon appointment with the respondents and at times which were convenient for them. The researcher was flexible in fitting into the respondents' preferred times so as to avoid interrupting with the respondents' normal work schedules.

The main advantage of using personal interviews was that detailed qualitative and exploratory information could be collected with a high response rate and corresponding high degree of reliability and accuracy since the researcher had the opportunity to clarify unclear questions during the interview process. The other advantages of using such an approach were that, additional information was obtained by asking follow-up questions, especially where responses were vague or unclear. Throughout the research process, the principles of research ethics were observed in order to have a meaningful response throughout the research process. In this context, the researcher took into consideration

the respondent's right to anonymity in the process of collecting data. Once the approval to visit the different institutions was granted by the respective institutions, the purpose and research objectives of the study were explained to each respondent. The respondents were assured of their confidentiality and were kept at ease throughout the research process. No information collected from any of the participants was divulged to third parties.

### **3.7 Data analysis**

In this study, there were two sets of data collected for analysis. These were, firstly, the documentary data of published literature and official policy and legal documents concerning the Namibian government and NamPower and, secondly, the interviews conducted with key government and NamPower officials involved in the electricity industry.

The first set was combed for relevant thematic content in line with the focus of the research. It was through this process that the policy and legislative environment of NamPower and the economic conditions that compels both Namibian government and NamPower to act as they do in the energy sector. The themes that emerged from these documents then became the basis for the questions that were used in the interviews. The interviews which were captured in an audio recorder were then transcribed into text to ease the analysis process, which was also thematic content analysis to find convergence and divergence with the information derived in the initial documentary analysis.

## CHAPTER 4

### NAMPOWER AS A FOREIGN POLICY ACTOR

#### 4.1 Introduction

NamPower has no doubt become a key player in the domestic energy affairs of Namibia, a feat underpinned by the Electricity Act of 2000 as amended in 2007, and the White Paper on Energy Policy of 1998. Its name has become synonymous with electricity within the national discourses of electricity demand and security. It is its role in international relations, however, that lacks empirical or theoretical analysis, and hence of interest to this study. The chapter relies upon the literature of international relations, foreign policy analysis, non-state actors and soft power to describe how NamPower is participating in foreign policy actions, and attempt to explain why it seeks to play such an active role in engaging foreign entities and issues on behalf of the Namibian state. This brings into perspective the motivations, strategies and methods of NamPower's involvement in transnational interactions in relation to Namibia's political and economic foreign policy objectives.

To attempt to demonstrate its foreign policy 'actor-ness', we first endeavour to explore the empirical conditions that have necessitated NamPower's active involvement in the international arena in pursuit of Namibian interests, by exploring the national development aspirations of Namibia and interpreting them within the international environment which is predominated by globalization and interdependence.

## **4.2 Why NamPower is a Foreign Policy Actor: NamPower's National Policy**

### **Environment**

As has been explained earlier in this study, SWAWEK, which is now NamPower was established under the national companies Act no. 61 of 1973, as a private entity whose sole shareholder is the government of the Republic of Namibia. Its mandate, as stipulated under the Electricity Act of 2000 as amended in 2007 (No. 4. of 2007), covers generation, transmission and distribution of electricity throughout Namibia. According to the NamPower's Corporate Strategy and Business Plan (2009 to 2013, p.13) "NamPower operates in terms of the Companies Act and therefore applies clear commercial principles when conducting business".

The plan further asserts NamPower's commitment to "sound commercial business principles" while complying with all the relevant legislation. Its legislative environment, however, is populated by the Electricity Control Board, Electricity Act No.4 of 2007, White Paper of 1998, State Owned Enterprises (SOE) Governance Act of 2006 (as amended) and the Ministry of Mines and Energy.

### **4.2.1 Namibia's White Paper on Foreign Policy Diplomacy and Management**

In terms of legitimacy, Namibia's foreign policy works for the realization of the national objectives as enshrined in the Namibian Constitution, Article 96. However, Article 96 of the Namibia Constitution does not deal with energy security as a primary objective. However, although Article 96 calls for 'economic diplomacy' as the engine for progress and the *raison d'etre* for the formation and survival of nation-state as the basic feature, it



lacks comprehensive inclusion of the promotion of energy security and the role of non-state actors. Barbieri, (2011) has pointed out that concerns about energy security and the need to meet growing energy demands are posing particular challenges to the world. In this case, the government should make the most of its foreign diplomacy in the energy realm. In addition, the government should make energy security a national priority to strengthen energy diplomacy, for example, through deepening political exchanges as well as economic and commercial ties with energy surplus countries such as Brazil, Russia and Venezuela.

Hence, Namibia as an energy-dependent country should strengthen its bilateral and multilateral relations in line with liberal thinking in International Relations. Economically, this makes NamPower a critical actor in promoting international cooperation in general and energy security in particular. This makes NamPower an important foreign policy actor.

#### **4.2.2 Namibia's White Paper on the Energy Policy of 1998**

The 1998 White Paper was the first and only major attempt to influence developments in the Namibian energy industry to meet government's developmental goals. The goals of the energy policy have been stipulated as follows:

- *Effective governance.* The policy aims to effect energy governance systems that will ensure stable policy, legislative and regulatory frameworks.

- *Security of supply.* This rests on the provision of diversity of economically competitive and reliable sources, with emphasis on the development of Namibian resources.
- *Social upliftment.* It aims at ensuring access to appropriate, affordable energy supplies at both households and community levels.
- *Investment and growth.* It directs expansion in the energy sector through local and foreign fixed investment to accrue economic benefits for the country, especially black economic empowerment.
- *Economic competitiveness and efficiency.* The sector must aim for economic efficiency in order to contribute to national economic competitiveness.
- *Sustainability.* The emphasis should be on sustainable use of natural resources for energy production and consumption. The government defines sustainable development as “development that meets the needs of the present without limiting the ability of future generations to meet their own needs” (National Planning Commission, 2012, p. 5).

The above goals find resonance in neo-liberal thinking and practise.

However, the policy paper recognises possibility for contradictory contexts within the above objectives necessitating trade-offs in some areas. The executive summary concludes by reaffirmation of “Namibia’s commitment to constructive engagement in SADC and SAPP in order to maximise economic benefits” (Namibia’s White Paper on

the Namibian Energy Policy of 1998, p. iv). These trade-offs suggest that relative as opposed to absolute gains should predominate.

Following the adoption of the recommendations of the energy policy, a number of initiatives were undertaken. These included the promulgation of a new Electricity Act in 2000, which paved the way for unbundling of NamPower's operations into generation, transmission and distribution businesses. The Act also established the Electricity Control Board.

#### **4.2.2.1 The Economic and Development Context for the Energy Policy**

Namibia in 1998 was estimated to have a population of 1.7 million, which has increased to around 2.1 million in 2010. Namibia's per capita Gross National Product (GNP) in 1994 was US\$1970 putting Namibia into the lower middle income category (National Development Plan (NDP 4) (2012/13 to 2016/17)). However, this figure has to be understood within an environment of skewed income distribution with low literacy rate and poverty afflicting the majority of the population.

Namibia has historically been strongly influenced by its neighbours and in the post-independence period, South Africa and Angola continue to exert both positive and negative influences on its economy. South Africa is a regional economic giant with a GDP about 40 times that of Namibia and provides up to 85 per cent of Namibian energy imports (Ministry of Mines and Energy, 1998, p. 4). Angola's past instability was responsible for negative effects, but with improved domestic stability, relations between the two should be defined by bilateral efforts at mutually beneficial development

initiatives. For instance, Namibia's main rivers come from Angola, which has implications to most hydro-electric ambitions that Namibia may have. This suggests a high degree of dependence or rather interdependence between Namibia and Angola.

According to the National Development Plan (NDP 4) (2012/13 to 2016/17), Namibia inherited a dual economy at independence in 1990, characterised by low economic growth, a high rate of poverty, inequitable distribution of wealth and income and high unemployment (National Planning Commission, 2012, p. ix). This had dictated the impetus of the subsequent national development plans.

In fact NDP 1 identified four main goals, which were revived and sustained economic growth; employment creation; reduced inequality; and, eradication of poverty. In the NDP 3, the goals were increased to six, with four of them the same as those of the previous NDP. Economic growth during the periods 1990/1995 and 1996/2000 has been irregular. It averaged 4.8 per cent from 1990 to 1995; 3.5% in the period 1996 -2000 (National Planning Commission, 2004: 61).

This highlights the mammoth task that faces Namibia involving extensive engagement and cooperation with the neighbouring countries. Implicit in this statement is the need to co-operate with both external state and non-state actors to solve domestic economic problems. In this context, it was important for the government to identify the most appropriate way to influence these states into cooperating in the electricity sector. The Energy sector as a sub-set of the national economy is identified in the Energy policy as a vital component of the economy. It provides essential inputs for other economic sectors

and for basic needs and social services. It can also be seen as an economic sector in its own right, however, contributing directly to GDP, Gross Fixed Capital Investment, government revenues, and employment. It also impacts on the balance of payments (Ministry of Mines and Energy, 1998, p. 6).

The energy policy notes further that, although they are vital inputs for the production of other goods and services, the electricity and liquid fuels industries only make a negligible contribution to GDP as economic sub-sectors. The electricity sectors' contribution is put at 1.6 per cent of GDP in 1995. It further indicates that based on the prospective resources, electricity has the potential to make significant contributions to the GDP. According to NDP 3, the expectation was that electricity and water sectors would grow by 3.4 per cent, but it only realised 1.8 per cent growth (Energy Policy, 1998).

During the 1990s electricity and water sectors contributed about 3.9 per cent of GFCF, with about 78 per cent of this attributable to the electricity sector. This figure indicates the important contribution of electricity in the national economic development. This percentage figure is further expected to increase with the implementation of the Kudu gas field and new hydro-power schemes are brought online (NamPower, 2008). These expectations are further evidence of the centrality that is accorded NamPower in its national development plans. So NamPower's dealings with the outside world to negotiate electricity tariffs raise funds and conclude bilateral and multi-lateral projects

can be understood as both the pursuit of the national interest and illustrate the importance of soft power as a foreign policy tool (Energy Policy, 1998).

With regard to contribution to government revenue through direct taxes, income taxes, fuel taxes and dividend payments, in 1996 the electricity sector contributed about N\$60 million to local government revenue. NamPower also paid N\$ 31 million in taxes and paid N\$10 million in dividend. All petroleum and most of electricity are imported and in 1993, 1994 and 1995 their cost amounted to N\$256 million, N\$ 352 million, and N\$ 166 million respectively (Ministry of Mines and Energy, 1998). However, electricity amounted to about only 1 per cent of the total bill.

The electricity sector in terms of energy consumption accounts for 17 per cent compared to 63 per cent by the liquid fuels sector (Namibia Energy Policy, 1998). NamPower is a monopoly in the generation and transmission business streams, while distribution has largely been devolved to the local government through the Regional Electricity Distributors. This places it as the leading entity in any matter concerning electricity, whether local or international.

While the performance of the energy sector in the economy may look negligible, the whole picture and importance of the sector must incorporate the vital role that energy plays in powering the economy and in promoting social and economic development. Even the most important sectors in terms of contribution to GDP and GFCF rely on the energy sector. Therefore, reliable and competitively priced energy is therefore essential for the economy. This puts energy security at a strategic level in the national security of

any country, and in this case Namibia. NamPower as the key player in this industry has a huge bearing on energy security.

#### **4.2.2.2 Electricity Consumption**

In 2007, Namibia's total annual electricity consumption amounted to 3.6 TWh, while it could only muster total domestic production of about 1.7 TWh (Institute for Public Policy Research, 2009). This can be contrasted with consumption of 1.707 TWh and net imports of 53 per cent of consumption in 1996 (Ministry of Mines and Energy, 1998). This means that the country remains dependent on imports for more than half of its annual electricity requirements.

The government's sole representative in this endeavour is NamPower, making it the voice and face of the Namibian government in all matters of electricity in the regional and international arenas. The importance of electricity to the Namibian development aspirations as embodied in Vision 2030, Energy Policy, NDP III and IV, and the steep reliance on imported electricity place NamPower at the centre of the Namibian energy security. In meeting the requirements of this mandate, therefore, NamPower has to be a willing and competent foreign policy actor.

#### **4.2.3 Namibia's Development Goals and NamPower**

The first National Development Plan (NDP 1) had four main goals:

- Revived and sustained economic growth
- Employment creation

- Reduced inequalities, and;
- Eradication of poverty (National Planning Commission, 1995).

As already mentioned, the realisation of these goals rests on, among other things, reliable and affordable electricity throughout Namibia. It has already been illustrated that Namibia relies for over half of its electricity demand on foreign sources. This places electricity as a strategic resource which should be managed carefully.

However, the energy consumption figures in Namibia, as in other developing countries, are not a true reflection of demand. A number of factors limit access to energy consuming equipment and prevents NamPower from expanding the national electricity grid sufficiently to reach all potential consumers. These include poverty or financial weakness, foreign exchange constraints, limited rate of generation and connection, and politically-based decisions on selection of sites for connection (ADB, 1993).

These issues have been covered in the White Paper on Energy Policy, the annual reports of the ECB and the National Development Plans (including Vision 2030). They are, therefore, at the centre of the government's concern in its socio-economic development agenda. They are also challenges that NamPower has to confront in various ways.

Some of the measures will involve regional cooperation, attraction of Foreign Direct Investment (FDI), and technology transfer. In this light, NamPower is expected to drive these aims in support of and parallel to the government's efforts. NamPower therefore is thrust in the middle of foreign policy implementation by the national circumstances, in terms of negotiations with regional partners in the best interest of the Namibian people,



and in terms of economic or commercial campaigning for Namibia as a destination of choice for FDI. The importance of this role is reflected by the chairperson of the ECB succinctly when he say that “insufficient electricity supply in Namibia would be damaging to our economy – in particular it can severely undermine investor confidence and damage prospects of businesses, investment and growth” (Nandago, 2006, p. 2).

#### **4.2.4 Electricity Act**

The Electricity Act, 2000 (Act No.2 of 2000) was amended by Act 2007 (Act. No. 4 of 2007). The Act was signed by the Namibian President in September 2007 (Electricity, 2007) into law. The Act establishes the Electricity Control Board (ECB) as the country’s electricity sector regulator, and formulates guidelines for electricity sector governance (ECB, 2009). The Electricity Control Board’s responsibilities are to control and regulate the provision, use and consumption of electricity in Namibia, to oversee the efficient functioning and development of the industry, and security of electricity provision, to ensure that a competitive environment in the electricity industry is maintained, and to promote private sector investment in the electricity industry (ECB, 2010).

The Act describes the requirements, conditions and obligations for obtaining licenses to generate, trade in, transmit, distribute, import and export electricity. Although the ECB has managed to develop guidelines to set cost-reflective tariffs, and implement an Independent Power Producer regime in Namibia as per Section 27, of the Electricity Act (Act No.4 of 2007), the national regulator’s hands are tied because of many regulators in

the country. This, by and large, requires a multi-layered approach to energy security, as espoused by liberals.

Cabinet directive of June 2007 approved the implementation of the Off-grid Energization Master Plan (OGEMP), and directs that the hot water supply to all Government and parastatals buildings be met by solar water heaters only (MME, 2008). As a demand side management measure, and potential stimulant of the solar water manufacturing industry in the country, the directive is significant.

This Cabinet directive introduces Namibia's electricity supply industry, and reflects on the issues and challenges that the above-mentioned policies and directives have for the sector. With regard to the dedication to clean energy, Article 96 principle (c) of the Namibian foreign policy clearly directs NamPower to foster respect for international law and treaty obligations. This Article reinforces the contention that elements of Namibia's foreign policy are imbued with liberal precepts.

Namibia is a signatory to the various international treaties, protocols and obligations on the effects of climate change, in particular, the Earth Summit of 1992; the Kyoto Protocol of 2008 ratified by Namibia on 4 September 2003 and Copenhagen of 2010. The signing and ratification of the afore-mentioned protocols are aimed at not only strengthening Namibia's multilateral profile, but also aims to ensure energy security. The Energy policy specifies that renewable energy can contribute directly to the realization of several of Namibia's overall energy policy goals, especially to social upliftment, economic competitiveness and efficiency, security supply, and

environmental sustainability. Indeed, NamPower, as the power utility works in the range of the directives of the energy policy. However, in as much as the policy lack enforcement mechanisms, it is up to NamPower to ensure that new sources of power are clean. Energy services have a significant role in facilitating both social and economic fulfilment of the basic human needs of nutrition, such as warmth and lighting as well as education and health. Sarsar (1995) contends that social, economic and political issues of jobs, standards of living, development and national power all depend on a high rate of energy security.

#### **4.2.5 Vision 2030**

A vision is a tool used to help clarify, concentrate and maintain focus on a specific goal. Namibia's Vision 2030 envisions the transformation of Namibia into an industrialized nation with a viable natural resources-based export sector and increased size of skills-based industrial and service sectors, and market oriented production (Vision 2030, 2004). The rapid industrialization places significant pressure on the Namibian electricity supply industry, and challenges its growth and ability to deliver electrical energy on demand.

However, the opportunity to strategically incorporate the development of the nation's energy sector in general, and its electricity sector in particular – as key economic drivers of cross-sectorial significance and importance – was missed in the preparation of Vision 2030. Yet, adequately powering the nation comes with many challenges, economic trade-offs and long term commitments, all of which need to be taken into account if the

Vision is to have a realistic chance of being accomplished . On the other hand, the policy under discussion talks about renewable energy and identifies barriers to address issues such as a human technical capacity policy and a regulatory framework, awareness and social acceptance of the technology, financing, as well as institutional support which needs to be dealt with.

#### **4.2.6 Regional Cooperation in the Electricity Sub-sector**

The attraction of regional cooperation in commercial electricity sub-sector, according to ADB, lies in its prospects for minimised costs of energy supply, potential for enhanced reliability and security of supply, and the minimization of adverse environmental effects of expanding supply. The SADC region has moved along this route with its establishment of the Southern African Power Pool (SAPP) with the primary aim to provide reliable and economical electricity to SAPP members (SAPP, 2009).

The SAPP brought together regional utility corporations to create a common market for electricity in the SADC region. The Namibian government has committed itself to positive “participation in the SAPP to maximise potential economic and political benefits from increased electricity trade” (Ministry of Mines and Energy, 1998).

Towards this end, Namibia’s only electricity generating utility has been mandated as a monopoly buyer and transmission trading agent. It also couples as the lead representative of Namibia in SAPP, making it a key foreign policy implementer on matters of electricity security. With disparate comparative advantages between SADC members in electricity generation, this places NamPower as the key foreign policy actor in the

interest of energy security. Moreover, NamPower is also well-positioned to exploit any comparative advantage that Namibia may be enjoying in the regional and international power industry. While the government has to set the conditions for such developments through national policies and regulatory frameworks, NamPower remains autonomous in the areas of financial viability strategies, ability to raise funds for major projects, sound management and professional staff morale. These are important considerations when dealing with other actors in the international electricity market. On this basis, NamPower is a foreign policy actor in its own right.

#### **4.2.7 NamPower's Corporate Strategy and Business Plan, 2009 - 2013**

The following is the examination of how NamPower understands and defines its place and role within the Namibian economy. This is important as an empirical illustration of why it is a foreign policy actor, and if it sees itself as such. It is also important for matching how it defines itself to how the government defines its role. Any mismatch may lead to failure to meet targets and possible role conflicts between the NamPower corporate leadership and the decision-makers in the government enclave. In order for NamPower to execute its mandate successfully it is imperative that there is congruence between the two stakeholders in the energy industry.

According to the strategy document, NamPower defines its mandate as follows: “to provide cost effective, reliable supply of energy through Generation, Transmission and Energy Trading in support of the realisation of Vision 2030 and NDP goals” (NamPower

2009, p 15). In addition to what it understands its mandate to be, NamPower indicates that it has also been tasked by government to achieve the following strategic objectives:

- Contribute to a commercially viable and sustainable Electricity Supply Industry;
- Contribute to increased access to electricity; and
- Ensure that 100 per cent of the peak demand and at least 75 per cent of the electric energy demand will be supplied from internal sources (NamPower, 2009).

In this context, this study is timely in its objective assessment of Namibia's energy security. Energy security is defined as a condition in which a nation and all (or most) of its citizens and industries have access to adequate energy resources at reasonable prices for the foreseeable future, free from serious risks of major disruption of service (Hancher and Janssen 2004 ). However, different countries interpret this definition in terms of their own situation. In the developing world, the major concern is how changes in energy prices affect their balance of payments (Yergin, 2006).

For Namibia, energy security policy aims at achieving security of supply, social upliftment, effective governance, investment and growth, economic competitiveness, economic efficiency and sustainability (Ministry of Mines and Energy, 1998, p. 3). NamPower's vision is that of "A leading energy company in Africa, which excels in Customer Service, People Development and Technological Innovation" (NamPower, 2008, p. 15). Towards that end, Nampower has signed a number of bilateral and multilateral agreements.

### **4.3 How NamPower is a Foreign Policy Actor: Modus Operandi in the International Arena**

In order to implement the various mandates imposed by the various policy and regulatory frameworks as discussed above, NamPower has entered into various bilateral and multilateral agreements with foreign entities on behalf of the Namibian government. The next section, therefore, is an empirical illustration of how NamPower is a foreign policy actor, using the cases of these agreements.

#### **4.4 Bilateral Agreements**

In an electricity market, a bilateral agreement is an agreement between a willing buyer and a willing seller to exchange electricity, rights to generating capacity, or a related product under mutually agreeable terms for a specified period of time. It is generally agreed by economists that such arrangements are important for the stability of electricity markets. Such arrangements ensure price stability and certainty which are necessary for long term planning and investments decisions. Accordingly, electricity markets can be operated under bilateral arrangements or under market regions operated by Regional Transmission Organizations (Hausman, Hornby and Smith, 2008).

##### **4.4.1 NamPower-Eskom Power Supply Agreement**

Namibia has for many years been dependent on the import of electricity from South Africa. The importation of electricity has been made possible through Bilateral Agreements (BA) between the two countries. The agreements have been in place for the past couple of decades. Despite the new agreement signed in mid-2006, the continued

power shortage in South Africa was expected to affect Namibia, and it is thus of utmost importance that Namibia implements new supply options (NamPower, 2010). In July 2004, NamPower and Eskom signed a Memorandum of Understanding (MoU) on two agreements. These were the Bilateral Power Supply Agreement (BPSA) and the Supplementary Power Supply Agreement (SPSA) (Interview, 2011). The BPSA is to run for a period of 15 years and is subject for renewal on annual basis. The Supplementary Power Supply Agreement (SPSA) in contrast started in 2008, and is to be in force for 10 years.

However, the Bilateral Power Supply Agreement was the main agreement through which Namibia derived her electricity from South Africa. In addition, NamPower has been operating this agreement for many years until 2008, when there was a problem in the region. According to NamPower officials the BPSA was renegotiated on the basis that the Agreement did not make provision or did not give NamPower rights with regard to Eskom's obligation to supply electricity to Namibia-NamPower when South Africa is in a difficult situation (Interview 2011).

#### **4.4.2 Supplementary Power Supply Agreement**

The Supplementary Power Supply Agreement was entered into in 2008. In the supplementary power supply agreement, Eskom, as part of its obligation, is to make sure that NamPower gets all its electricity needs. For instance, whenever NamPower exhausts its entire proclaimed avenues for electricity it would resort to Eskom for covering up the shortfalls. Another obligation bestowed upon NamPower as per the agreement was for



NamPower to make sure that whenever Eskom was load shedding NamPower would also proportionally load shed. Under this agreement NamPower was assured that it would get all its electricity needs provided that it fulfils all the above-mentioned conditions as per agreement. In case Eskom failed to honour the agreement, NamPower representing the Namibian State as a legal party to such agreement has the right to follow the normal procedures of breach of contract. However, this has never happened given the fact that the parties have always honoured their obligations (SAPP, 2010).

In conclusion, the agreement signed between the two non-state actors remains a win-win situation, in the sense that both parties have rights and obligations which they need to mutually meet. For example, Eskom has an obligation to supply electricity to Namibia even if it is experiencing power shortages at home.

Conversely, NamPower has a legitimate right to litigate Eskom in case it failed to honour its obligations. Despite that, the agreement was also in line with SAPP's principles of harmonizing relationships between member utilities and facilitating development of regional expertise through training programmes and research (SAPP, 2010, p.2). It also supports the Namibian foreign policy objective of promoting Namibia's economic growth and development by mobilizing regional and international co-operation with a view to expanding the nation's economic space.

#### **4.4.3 NamPower - ZESA Power Supply Agreement**

Namibia Power Corporation (NamPower) and Zimbabwe Electricity Supply Authority (ZESA) signed a loan agreement in 2007. Under this agreement, NamPower's obligation was to finance the refurbishment of the Hwange Coal Power station in Zimbabwe, such that the power station could generate a total capacity of 480 Mega Watts for a minimum of 5 years. The agreement directed that ZESA would get 330 Mega Watts of the generated electricity whilst NamPower would enjoy 150 Mega Watts. The Zimbabwe Electricity Supply Authority has been supplying the agreed 150 Mega Watts to NamPower since October 2008 and has thus been honouring its commitment under the terms of Power Purchase Agreement (PPA) with NamPower (NamPower, 2010).

Moreover, agreement of this nature was a manifestation of the collective resolve of national utilities under the umbrella of the Southern African Power Pool (SAPP) to cooperate on regional electricity infrastructure development. Such agreement also shows how successful non-state foreign policy actors such as NamPower achieve "win-win" power deals with other actors in the region. NamPower in doing so not only shape the corporation's strategic plans, but also converts its soft power resources and tools into outcomes (NamPower, 2010).

NamPower officials contend that the ZESA-NamPower agreement is one of the best agreements that the corporation has ever entered into since its inception (NamPower, 2010). The two sister's power utilities were the first in the region to have received an Award from SADC and the deal was declared the, "Power Deal of the year" in 2010

(Africa Investor 2011). In conclusion, the agreement is of mutual benefit for the two power utilities and their respective countries. Namibia has been receiving 150 MW while ZEZA managed to access finance for the refurbishment of its power station (Hwange). Namibia at the moment is experiencing power deficit for the first time in history and this may worsen if agreement expires by the end of 2013. The agreement has demonstrated an act of good will between the two sister countries and its contribution to the infrastructure development and economic growth for both Namibia and Zimbabwe and has strengthened the existing good relations between the two countries and its people.

Namibia has signed similar bilateral agreements with Angola, Mozambique and Zambia. The utility of these agreements illustrates that non-state actors can complement state actors in pursuit of foreign policy objectives. Moreover, it also bears testimony to the increasing importance of non-state actors in international relations, in general, and foreign policy, in particular.

#### **4.5 Multilateral Agreements**

The Penguin Dictionary (1998) postulates multilateral agreements as an accord between three or more parties, agencies or national government. In the context of this research, NamPower is considered as a significant foreign policy actor in the context of multilateral agreements signed amongst the Zimbabwe-Zambia-Botswana-Namibia (ZIZABONA), the Western Corridor Company (WESTCOR), and the Kudu Power Project (IPPR, 2009). In view of the multilateral agreements signed by NamPower, it

remains paramount to further explore some of the treaties which reflects NamPower`s activities as a non-state actor and influencer of Namibia foreign policy.

#### **4.5.1 ZIZABONA Interconnector Links**

NamPower as non -state foreign policy actor plays a very crucial role in exercising conference and public diplomacy as opposed to the traditional method of public diplomacy by state actors only. NamPower participated in the Inter-governmental Memorandum of Understanding (IGMOU), which was signed at the end of August 2012 by the governments of Zimbabwe, Zambia, Botswana and Namibia (ZIZABONA). The IGMoU was aimed at spearheading the cooperation amongst the four countries in the development and implementation of the ZIZABONA project. ZIZABONA Interconnector is a project which is under the auspices of SAPP and the Southern African Development Community (SADC) framework.

The project is aimed at significantly improving electricity availability and to serve as catalyst for economic development not only for the four countries but the region at large and beyond (Government Information Bulletin, 2011). The cooperation is aimed at promoting mutual benefits amongst the member countries and to strengthen existing excellent relations amongst the member states and their power utilities in particular.

Moreover, in addition to boosting intra- regional economic development, the link is an outstanding example of regional co-operation among member states (NamPower, 2010). Additionally, the link bears testimony that SADC governments are attaching importance to sustainable power generation and commitment of member states to regional

integration and cooperation. The ZIZABONA project is one of the most important aspects that make NamPower a key foreign policy actor in the energy sector strategies and bears testimony to its multilateral credentials. The ZIZABONA project guarantees the Ministry of Mines and Energy in Namibia and its implementing agent, NamPower the security of power supply while pursuing its power and transmission projects so as to enhance internal power generation capacity, and where possible, share the surplus with its sister countries and deepen both bilateral and multilateral cooperation (Government Bulletin Information, 2011). The ZIZABONA cooperation signifies NamPower's commitment to energy security of the country and region at large, and the company's participation as a non-state actor in foreign policy practices.

#### **4.5.2 Western Corridor Power Company (WESTCOR)**

A review of electricity policy in Namibia by five SAPP power utilities companies, the Democratic Republic of Congo's SNEL, Angola's ENE, Namibia's NamPower, Botswana's BPC and South Africa's Eskom gave rise to a billion dollar company known as Western Corridor Power Company (WestCor) (IPPR, 2009).

The company was formed with the view of developing the Inga 3 hydroelectricity power plan on the Congo River in the Democratic Republic of Congo (DRC). The project was aimed at generating power with total capacity of 3500 (MW) for the five member utilities through the environmentally friendly, renewable, hydroelectric energy. The power would then be transmitted through Angola, Namibia, Botswana, and South Africa in what is called WestCor (NamPower, 2008).

The context of the WestCor joint venture is that each member state contributed a US\$100,000 as initial capital outlay to start up the project in the first phase (IPPR, 2009). NamPower enjoys a 20% share capital and that puts the company at the forefront of this multilateral project. In the context of foreign policy activities or engagements, NamPower participated in the investigation of the High Voltage Direct Current (HVDC) technologies and the planning of the Environmental Impact Assessment (EIA) and the MoU among the governments (NamPower, 2008). Other member countries to the MoU were given different responsibilities with SNEL concentrating on the planning of the Inga 3 and investigation of hydro technologies, ENE investigated the thermal and gas technologies, BPC company investigated telecommunications proposal whilst South Africa's Eskom worked on the transmission line technologies such as the EIA planning, energy intensive user proposal and the company's Joint Venture (JV) structure (IPPR, 2009). The activities promoted NamPower as a power utility, non-state actor and foreign policy influencer.

#### **4.5.3 Kudu Gas Power Project**

NamPower has always been pursuing several power and transmissions projects, to enhance its power supply capacity, which are economic and environmentally friendly. The Kudu gas field is one of the offshore gas fields in Namibia. It is approximately 170 kilometers Northwest of Oranjemund in the South Western corner of Namibia's maritime border with South Africa (IPPR, 2009). The development of the Kudu Power Project comes at a time when the SADC region is facing a steady decline in the power surplus as the demand is fast exceeding the available generation capacity (IPPR, 2009).

On the other hand, Namibia in particular has been heavily dependent on the regional generation capacities.

The field was first discovered by Chevron/ Regent/Soekor in 1974. In 1987/1988 the field was confirmed by Swakor as potentially profitable. Its reserves are found below 170 m of water at depth of 4.5 km and this presents a challenge for future exploitation. In addition, Kudu Gas has proven natural gas reserves that could fuel an 800 MW combined-cycle gas power station for more than 20 years to come (IPPR, 2009). According to the IPPR Report (2009), this represents the most significant hydro carbon reserve that Namibia has to offer to date.

After Namibia's independence the exploration licenses were granted to Shell Exploration and Production Namibia (SEPN) and Energy Africa in 1993. However, in 1996, the Kudu gas power project was initiated by SEPN, NamPower and Eskom and a Memorandum of Understanding was signed amongst these parties in 1997. The purpose of the agreement was to promote an 800 MW power station at Uubvlei, some 25 km North of Oranjemund (IPPR, 2009).

In 1998 the MoU lapsed as South Africa-Eskom remained unconvinced about the commercial viability of the project. Further, investigations were launched to establish the feasibility of a 400MW power plant combined with a floating Liquefied Natural Gas (LNG) facility (IPPR, 2009). Yet, according to Schmidt, (2009) when the results of drillings at Kudu-6 and Kudu-7 were released both SEPN and Chevron, Texaco withdrew from the concession. According to Kudu Project Coordinator, a pre-feasibility

study on the development of the Kudu Project was carried out and updated in 2003. This is because Kudu Power Project is regarded as one of the high-level projects for the Namibian and South African Governments.

Due to its capability to generate as much as 800 Megawatts of electricity for the economic development of the two countries, a Joint Development Agreement (JDA) and Memorandum of Understanding (MoU) regarding the power purchase was signed between NamPower and Eskom in 2004 (NamPower, 2008) . By that time, the new strategic partners in development of the Project were the Energy Africa (EA) and the National Petroleum Corporations of Namibia (NamCor). In July 2005 a feasibility study was launched to assess the viability of 800 MW closed Cycle Gas Turbine (CCGT) power station near Oranjemund.

In the same year, a full Environmental Impact Assessment (EIA) was conducted and approved by the partner organizations and a production license was granted. In 2006 Energy Africa was purchased by the Irish Tullow Oil Plc and in April 2007 the Japanese Oil Company Itochu also joined the project team (NamPower, 2008). NamPower, Tullow (Oil) plc and Eskom entered into commercial negotiations in 2008 where a disagreement emerged among the three parties.

This disagreement centred on a compromise about certain commercial issues, particularly the currency for trade in gas (IPPR, 2009). For instance, NamPower was interested to sell the gas in US Dollars, on the other hand, Tullow and Eskom wanted to buy the gas in South African Rand. Neither of the parties was willing to accept the



exchange rate that come with US dollar currency fluctuations and the high price of gas (New Era, 18 July 2008).

Despite the above outlined setbacks, NamPower has made considerable progress in developing the Kudu Project. For instance, the environmental assessments were completed and clearances obtained on the upstream gas development, power station and transmission line routes (IPPR, 2009). The tender documents for the Engineering, Procure and Construct (EPC) for the power station were prepared and seven (7) consortia were pre-qualified. In addition to that, seven (7) Mandated Lead Arrangers (MLA's) were appointed to assist NamPower in obtaining the required financing for the Project. Moreover, the Power Purchase Agreement (PPA) with South Africa-Eskom as the major power off-taker is at an advanced stage according to NamPower officials (Interviews, 16 June 2012).

In conclusion, the development of the Kudu Power Project is one of the possible new supply solutions that could alleviate the envisaged supply shortage in the region, if it is commercially viable and sustainable. However, Kudu Power Project is competing with other new options, including possible new coal fired power stations such as the Erongo coal fired power station. Therefore, it appears to be a marginal project. Even though, it will ensure the security of reliable power supply for Namibia. In this context, NamPower emerges a visible non-state actor in the regional energy market.

#### **4.5.3.1 The importance of Kudu Power Project (Namibia and SADC region)**

The development of the Kudu Power Project has regional support following the decision that was taken by the SADC Heads of State and Government at a Summit which took place in Mauritius in 2005. At bilateral level, the Presidents of Namibia and South Africa at the Heads of State meeting held in November 2006 tasked their Energy Ministers to unlock the potential of the gas resources (Kudu Power Project Update, 2007)..

For this reason, the Kudu Power Project is of strategic importance to Namibia. This is because it would be the only large power station in the country to be owned and operated by Namibia. Further, it is regarded as a ... *“requisite platform for the development of energy-intensive, export-oriented industries vital to the next phase of Namibia’s economic development”*... (NamPower Strategic Plan, 2010, p.12). On the other hand, its potential would address the imminent power shortages in Namibia in particular and the (SADC) region in general.

Second, the commercialization of gas would make a major contribution to the exploitation of Namibian and South African oil and gas resources. Third, the Kudu Power project would provide the first tangible opportunity to realize the vision of the Bilateral Gas Trade Agreement (BGTA) between Namibia and South Africa. The Memorandum of Understanding (MoU) was signed by Namibia and South Africa with a purpose of facilitating gas in trade between the two countries.

The MoU would serve to define the principles for gas trade including gas border issues and subsequent legislation and regulations (White Paper on Energy Policy, 1998). In view of the above discussion, it emerges that, NamPower's continuous participation in several bilateral and multilateral negotiations with regional and international parties that want to participate as joint developers, equity partners and/or power off-takers presents an undisputable indication that NamPower is a vital non state foreign policy actor in the domain of power supply in Namibia (Kudu Power Project Update, 2005). It is intimately associated with Namibia's domestic concerns for energy provision and plays a central role in the efforts of Namibia to meet its demand for electricity through energy diplomacy. The mutual benefits that the Kudu project will carry for Namibia and South Africa are that NamPower will supply power to South Africa in order to address energy shortages, whilst the project in general stands to boost Namibia's industrialization.

#### **4.6 NamPower and the Environment**

Namibia's White paper on Foreign Policy Diplomacy and Management (2004) Principle (d) and the Namibian Constitution Article 96 commit the country to environmental norms of environmental protection and the dedication to clean energy production. In pursuit of this commitment Namibia has signed many treaties and protocols related to environmental protection and these have been ratified in the foregoing national documents. A good example is the ratification of the Kyoto Protocol of 2008 on 4 September 2003 by Namibia, a guide line on energy conservations that are

environmental friendly (White paper on Foreign Policy Diplomacy and Management , 2004).

It is on the basis of these treaties, protocols and obligations that NamPower always ensures that an environmental impact assessment (EIA) is conducted prior to any energy development of the project, even though Namibia is below the required emissions reduction. This means that final decisions on energy projects would be influenced by environmental concerns rather than just the need for energy.

#### **4.7 Conclusion**

This chapter has sought to contextualize the notion of NamPower as a foreign policy actor within the Namibia's economic environment that compels it to act as such. It has also explored the numerous transactions that NamPower conducts with foreign entities to explain how NamPower executes its energy diplomacy.

In terms of why NamPower is foreign policy actor, the chapter has unveiled an economic environment that is characterized by firstly, the need by the Namibian government to uplift its people from poverty as a commitment made since independence, and to graduate the country into an upper middle income category.

Secondly, the underdeveloped electricity sector that finds the country highly reliant on the external environment for electricity supply. On the basis of these two factors, the government has enacted an electricity policy to guide the efforts of the national

electricity corporation. It has also enacted a regulatory environment for NamPower through the Electricity Act which further established the Electricity Control Board.

However, as a government entity, NamPower has to conduct its diplomacy in line with the national foreign policy that has been established to guide the general relations between Namibia and the international community based on clearly articulated principles. What has been apparent however, is the lack of a clear statement on energy diplomacy within the national foreign policy white paper. The implication being that not enough diplomatic space may be availed to national entities like NamPower. This could partly be blamed on the traditional state-centric diplomacy where the state was expected to be the only national actor in external environment.

In terms of how NamPower conducts its energy diplomacy, it has been revealed that, as a national entity, it engages with foreign entities with the blessings of the national government. The government creates this environment through its memoranda of agreement that it signs with targeted friendly nations with which it seeks to pursue energy cooperation.

On the basis of these agreements, NamPower is then allowed to negotiate and enter into bilateral and multilateral agreements in pursuit of national economic objectives of energy security and development. While Namibia generates less than 50 percent of its electricity consumption, it has been notable that NamPower through its energy diplomacy has ensured that power shedding is rare.

Furthermore, the chapter has noted the commitment of NamPower to environmental protection in line with government policy and regulations. In this regard, NamPower bases its investment decisions also on environmental considerations.

## CHAPTER 5

### INTERVIEWING THE KEY INFORMANTS

#### 5.1 Introduction

The main purpose of this chapter is to analyse and present data collected during interviews with purposefully selected knowledgeable individuals. Interview questions and the recorded answers are shown in Appendix 1. For ease of reference, a digital tape recorder was used during the interview.

The data collected explores the role that NamPower plays as a non-state actor in foreign policy and covers the period from 1990 to 2010. As noted in the literature review, the terrain of international relations has changed over the years from traditional state actor dominant theories to include new and powerful non-state actors. International relations now consider the role that non-state actors play as important transnational political actors.

The key informants were selected from five categories namely: officials from the Ministry of Foreign Affairs (MFA), Ministry of Mines and Energy (MME), Office of the Prime Minister (OPM), NamPower and the Electricity Control Board of Namibia (ECB). Table 5.1 below provides a summary of the description of interviewees and their respective capacities.

**Table 2: List of Targeted Key Informants**

Name of Institution	Number of Respondent	Key Informants
NAMPOWER	2	Managing Director Manager of Energy Trading
OPM	2	Accounting Officer- SOE Executive Director-SOE
MFA	2	Deputy Minister Special Advisor on Foreign Affairs
MME	2	Accounting Officer Director of Electricity
ECB	2	Chairman Manager of Electricity Regulation
<b>TOTAL</b>	<b>10</b>	

**Source:** Survey Data

Although, the research had targeted to interview a total of 10 key informants from the 5 key stakeholders, as indicated in Table 5.1 above, only 7 informants (70%) of the respondents were interviewed whilst 3 (30%) of the respondents could not be reached due to work commitments. The researcher managed to interview at least one respondent from each of the institutions reflected in Table 5.1 above. This is considered a fair representation of the targeted population in this research.

The interviewed respondents were selected on bases of the different characteristics which they possessed. Respondents from the Ministry of Foreign Affairs were selected by virtue of their enormous experience, knowledge and prominence in international relations and decision-making processes. The officials from the Ministry of Mines and Energy were selected as custodians of the energy policy and their responsibilities which



ensure adequate, affordable and sustainable energy supply in the country. In addition, respondents from the Office of the Prime Minister were selected as policy makers. The remaining respondents were chosen on the basis of their in-depth technical expertise, capacity and extensive experience in understanding the problem under research. Table 5.2 below reflects the respondents that were interviewed in their different categories.

**Table 3: Number of Respondents, Designation and Name of Institution**

<b>Name of Institution</b>	<b>Number Interviewed</b>	<b>Key Informants</b>
NAMPOWER	01 (10%)	Manager Energy Trading
OPM	02 (20%)	Accounting Officer-SOE Executive Director-SOE
MFA	02 (20%)	Deputy Minister Special Adviser on Foreign Affairs
MME	01 (10%)	Deputy Director of Electricity
ECB	01 (10%)	Manager- Electricity Regulation
<b>TOTAL</b>	<b>07 (70%)</b>	

**Source:** Survey Data

### **5.2 Interviews with officials from the Ministry of Foreign Affairs**

The researcher conducted face-to-face interviews with the Deputy Minister and the Special Advisor of the government on Foreign Affairs. Data gathered from the two respondents showed that NamPower is a non-state actor which plays a major role in influencing Namibia foreign policy. This supports the premise and importance of soft power discussed elsewhere. Moreover, it also highlights a shift from hard power to soft

power, through the influence of the non-state actors in international relations. The respondents highlighted that NamPower as a non-state actor can engage and disengage in international relations when it comes to issues of electricity generation and supply in Namibia.

The respondents from Foreign Affairs also noted that NamPower, by directly engaging in the national security tasks of energy procurement and electricity supply from foreign sources, plays a vital role in foreign policy predominantly in energy diplomacy by participating in the international relations of the country. The Deputy Minister of Foreign Affairs gave an example of the inauguration of the Caprivi link Interconnector, which brought together four Heads of State from Namibia, Botswana, Zambia and Zimbabwe in November 2012. The inauguration was organized by NamPower as a non-state actor that plays a major role in energy diplomacy.

The Special Advisor of the Government on Foreign Affairs indicated that indeed there are state and non-state actors in international system that also plays a crucial role in the conduct of foreign policy. He gave an example of enterprises such as NamPower which he said is responsible for pursuing energy diplomacy policies in association with the Ministries of Foreign Affairs (MFA) and Mines and Energy (MME). He further observed that energy policy has a direct impact or bearing on international relations and that it is a very critical part of any foreign policy in any country. He considers energy to be a strategic asset that drives development of any country, whether it is big or small, weak or stronger or either developed or developing. The interviewees also revealed that

NamPower has successfully pursued energy diplomacy in respect of the procurement and supply for the purposes of promoting energy security as national interest on behalf of the state of Namibia. Moreover, energy security is amongst the most important constituent elements of Namibia's national interest. For this reason, NamPower is a key collaborator with the two ministries (MFA and MME) in promoting, and safe-guarding the national interest of Namibia when it comes to energy issues. In addition, interviewees argued that in recent years, regional markets have emerged; consequently security of electricity supply has to be seen in these regional contexts, as opposed to the traditional settings where electricity security was only seen as a pre-requisite within state borders.

The interviewees indicated that a secure and reliable energy sector is a major pre-condition to attract foreign direct investment to the country. Consequently, foreign investors are more attracted to energy supply sector that is proven to be rigid and short of blackouts as a lot of irreversible losses could be incurred in the process where blackouts are the order of the day. The Special Advisor of the Government on Foreign Affairs indicated that NamPower is part of the regional framework and has significantly contributed to the regional electricity reform process under the SAPP framework. On the other hand, at national level NamPower has the mandate to empower the nation and to keep the wheel of energy generation running reliably.

For example, for the past 22 years of independence Namibia never had power cuts which have inflicted many developing countries in Africa and the world over. Also, NamPower

has been pivotal in controlling and managing pollution in Namibia through the government's Environmental laws and policies coupled with NamPower's prudent management and good governance.

### **5.3 Interview with official from the Ministry of Mines and Energy**

The Ministry of Foreign Affairs works in close association with the Ministry of Mines and Energy in pursuit of energy security, and to facilitate the role of NamPower in the external energy market.

The Accounting Officer from the Ministry of Mines and Energy indicated that NamPower is considered a foreign policy actor because currently, Namibia imported substantial amount of electricity from the following neighbouring SADC Countries: Angola's ENE, Zimbabwe's ZESA, South Africa's ESKOM, Zambia's ZESCO, Mozambique's EDM and the Democratic Republic of Congo through the Southern Africa Power Pool in which NamPower is a key member (Interview, 2011).

To enable this power acquisition, NamPower becomes a key representative of Namibia in the negotiations. The official acknowledged that the Ministry of Mines and Energy is the custodian of energy for the whole country. He further observed that NamPower falls under the Ministry of Mines and Energy although it is generally regarded as a state-owned enterprise (SOE) regulated by the Office of the Prime Minister (OPM).

The Deputy Director of Mines and Energy pointed out that *"The Ministry's relationship with NamPower is very strategic in the sense that all the strategic decisions made by*

*NamPower are made with the Ministry's approval, hence NamPower is considered an infant of the state.*" (Interview, 2011).

The Deputy Director of Mines and Energy confirms to the researcher that the government through the Ministry of Mines and Energy remains the sole shareholder of NamPower even though the state-owned enterprise plays a major role as a non-state actor when it comes to energy diplomacy. NamPower still needs and rely heavily on state subsidy. It shows that NamPower which is in effect a large bureaucracy, continued to receive its production and distribution orders from state planners.

The state-owned enterprise is heavily subsidized and the government gave the company easy access to bank financing. The concept of company, legal entity, or corporation does not exist in this context. Although company laws in Namibia has transformed SOEs into corporations by clearly defining the boundaries around their assets and liabilities, establishing their ownership, setting up boards of directors to represent owners' interests, and creating a dual governance system with a management board and a board of supervisors, the government still remains influential in directing decisions of the entities.

In this context, it emerges from Deputy Director of Mines and Energy that the state at the national or provincial level maintains ownership over all state-owned enterprises, NamPower included. This suggests that the overall regulatory structure which governs the generation and supply of energy in the country remains in the hands of the government and the various lines of control from state and provincial authorities remains outside NamPower's domain. Thus, the Bank of Namibia, the tax offices, the ministry

responsible for the industry in which NamPower operates which is the Ministry of Mines and Energy, and the other state and provincial officials act in what they see as the interests of the state and the people, for example, by regulating energy supplies and prices, by taking action to avoid unacceptable economic or social stress including unemployment, bankruptcy, financial pressures on the state economy, or undesirable competition between state enterprises.

As stated by the Deputy Director of Mines and Energy, The government of Namibia acknowledges that large SOEs, like NamPower, may be corporatized and partly privatized through listing on Namibia Stock Exchange. Thus the government focuses on corporatization and part-privatization of previously state-owned enterprises through a process which can be called, “ownership-diversification”. Thus the idea of partly weaning out state-owned enterprises from total state control is a paradigm shift in government policy and appreciation of the role which non-state actors like NamPower plays in modern international relations, energy diplomacy and politics today.

The Ministry of Mines and Energy official added that, the entire world is faced with energy deficit and Namibia’s future strategic energy projects include the following: the Kudu Gas Power Project, the Erongo Coal-fired Power Station and nuclear energy. In addition, the Orange River Hydro, biomass, wind, and solar project are some of possible future energy sources for Namibia. This ensures that NamPower will remain a major role player in energy diplomacy, since most of these projects are expected to be developed through public and private partnership framework arrangements.

As regards the budget, the Deputy Director of Mines and Energy stated that even though NamPower operated an independent budget, the national power utility still receive considerable funding directly from the Government, through the Ministry of Mines and Energy budget allocation. For example, the power entities such as: the Caprivi link interconnector, the Tsumkwe Renewable Energy Project, one of the largest state-of-the-art 200 kW solar diesel hybrid systems in Africa were state funded and commissioned in August 2011 (Interview, 2011).

The Baynes Hydro Power Station which is a joint effort between the government of the Republic of Namibia and Angola headed by the Permanent Joint Technical Commission (PJTC) remains one of the resounding examples. In addition, the Ministry of Mines and Energy also funded the Environment Impact Assessment Studies of these projects (Interview, 2011).

#### **5.4 Interviews with officials at the Office of the Prime Minister**

The Accounting Officer in the Prime Minister's office agreed that non-state actors are very powerful instruments in the execution and pursuit of foreign policy. However, the same official pointed out that NamPower should not be classified as a non-state actor because its operations were interlinked with those of the state. In addition, the informants at the Prime Minister's Office indicated that NamPower is a fully-fledged State -Owned Enterprises (SOE) and the Namibian State is the major shareholder as per the SOE Governance Act (Governance Act. No. 2 of 2006).

Interviewees from the Prime Minister's Office also indicated that NamPower is one of the most important agencies of the Namibian government which is empowered with a national mandate to sign or co-sign agreements on energy sourcing with regional and international power utilities such as Gazprom International (Interview, 2011). The officials also highlighted that NamPower could not conclude any agreements with outside organizations or other power utilities without having consulted the Namibian Government for approval. In this context, the government becomes the overall influencer of NamPower decisions as a sole shareholder. This does not, however, diminishes the role of NamPower as an important player in the issue-area of energy security (Interview, 2011).

The reasons advanced by these state officials were linked to the fact that such agreements involved major issues which have implications for the Namibian economy. For example, if NamPower imports power from Zambia, both the Zambian and the Namibian governments would be involved. This would be different from a situation involving non-state actors such as the Red Cross and Oxfam, for instance. The Red Cross would not need the Namibian Government's approval for any of its transactions. Even though the Red Cross can work with Government on certain social and humanitarian issues, it would not be dictated to by the Namibian Government.

The officials were asked about the significance of NamPower as a non-state actor and the Deputy Director of Electricity suggested that NamPower was an important vehicle for national development in Namibia. He further argued that if the Namibian



Government was to achieve rural electrification and sustainable supply of electricity in the country, NamPower would need to be revamped so as to operate independently and at a higher level, that is being corporatized (Interview, 2011). On the point of whether there is any institutional relationship between NamPower and the Prime Minister's office, the Permanent Secretary of SOE indicated that the Prime Minister is the Chairperson of the State- Owned Enterprises Governance Council (SOEGC) which was entrusted with the responsibilities of supervising and monitoring not only NamPower, but all national entities in Namibia (Interview, 2011).

### **5.5 Interviews with NamPower Manager of Energy Trading**

The Manager of Energy Trading for NamPower indicated that NamPower was a catalyst for development in the country whether it is in the Information Communication Technology (ICT) or in the households. The Manager recognized the importance of electricity in the country's economic development programmes and economic growth in general when he said that *"We need electricity because it is crucial for our manufacturing industries, municipalities, mining operations and hospitals just to mention a few"* (Interview, 2011).

In the same context, the official argued that if there were no regular supplies of electricity, then no development would occur and this would adversely affect the country's security system and create chaos of high magnitude: from massive unemployment to economic breakdown in all the major industries and government productive sectors. NamPower's Energy Trading Manager also argued that reliable

supply of energy guarantees a stable socio-political and economic environment for employment creation and this helps to reduce crime (Interview, 2011).

The Manager also stated that in terms of short-term projection plans, NamPower was busy reviewing its Integrated Resources Plan (IRP) which focuses on short and medium term economic development plans stretching from 5 to 10 years and 15 to 30 years respectively. According to the Manager, the shortage of power supply was a regional problem and the next three to four years would be critical for the entire SADC region. However, the Manager pointed out that most regional power utilities were working hard to construct new generation power sources and refurbish or upgrade existing ones, including transmission networks (Interview, 2011).

Explaining the power generation problem pertaining to Namibia, the Manager of Energy Trading indicated that Namibia had generation capacities in places like: the Van Eck in Windhoek, the Paratus Power Station, and Anixas Diesel Power Station both in Walvis Bay and the Ruacana Hydro-electric Power Station which are the main source of energy in the country. It was also indicated that power generation at Ruacana Hydro-electric Station largely depended on the flow of the feeder river which is the Kunene. The Manager of Energy Trading underscored this by saying that “*The seasonal flow of the Kunene River directly influences the quantity of energy generated at Ruacana*” (Interview, 2011).

The Managing Director also elaborated on other power generating potential areas in Namibia. He informed the researcher that the Van Eck Coal Power Station in Windhoek

is in the process of refurbishment and it remained a critical component of the national power utility's generation capacity (Interview, 2011). However, it was also indicated that the Van Eck Coal Power Station raises environmental concerns connected with air pollution and as such NamPower has negotiated a grant from the USA Trade and Development Agency (USTDA) to undertake a feasibility study to determine the viability and sustainability of the coal power station. The Director indicated that the Anixas Diesel Power Station, also located at Walvis Bay was inaugurated in 2011 and was the first ever power station in the country to be commissioned after Ruacana Hydro Power Station. Therefore, the Anixas Diesel Power Station was part of NamPower's short-term initiative projects set to alleviate the impact of power supply shortages (Interview, 2011).

On the question of the impact of the recent Euro-zone economic crises on the future prospects of NamPower, the Manager pointed out that Europe was very strategic to Namibia in terms of Foreign Direct Investment (FDI). On the contrary, the Euro-Zone economic crisis did not really affect NamPower as such; instead NamPower has been raising funds for its capital projects during that period. For instance NamPower has been receiving funds from the Kredit Anstell für Wiedeanfban (KfW), a Germany based Development Bank, the European Investment Bank (UIB) and Agency Française de Development (AFD). Hence, most of the power generating equipment and related paraphernalia became relatively cheaper than before the economic crisis (Interview, 2011).

The capital projects that benefited from such funding included the Ruacana Unit 4 and the Caprivi Interconnector link. In other words, the Euro-Zone economic crisis was beneficial to the Namibian economy and offered NamPower tremendous generous purchase (Interview, 2011).

### **5.6 Interviews with Officials from the Electricity Control Board**

According to an official from the Electricity Control Board during the interview, the Electricity Control Board (ECB) is a regulatory body which was created by the Electricity Act No. 4 of 2007 and its mandate, amongst other functions, include exercising control over and regulate the provision, use and consumption of electricity in Namibia and promote private sector investment in the electricity industry (Interview, 2011).

The interviewed official from the Electricity Control Board indicated that there are functional and interconnected relationships between NamPower and the regulatory enterprise, the ECB. Nevertheless, for NamPower to carry out its business of generation, trading, transmission, supply, distribution, importation and export of electricity respective licenses should be issued by the ECB in accordance with the Electricity Act No. 4 of 2007.

NamPower is an associate regulatory entity of the ECB through the licenses issued by ECB. The ECB Board of Directors regards the relationship between the two institutions as very important in ensuring that the security of supply of electricity is maintained. The ECB regards NamPower as an important stakeholder in the electricity supply industry.

The ECB ensures that NamPower fulfils the existing license conditions entered with foreign or local key player (Interview, 2011).

ECB officials pointed out during the interview that the ECB acts as an independent regulator and that any substantive agreements that NamPower enters into with regards to the supply of electricity to Namibia would necessarily be shared with the ECB. In short, NamPower needs to get blessings from the national regulatory Electricity Control Board. The regulator makes sure that all stakeholders in the Electricity Supply Industry are protected (Interview, 2011).

The ECB official indicated that Namibia is importing a large amount of electricity from neighbouring countries, and hence will be subjected to tariffs from those countries. The official went further and indicated that in order for the country to reduce the cost of electricity, NamPower should focus on tapping the readily available local resources such as hydro, solar, wind power resources which are available in abundance and can be utilized in the generation of electricity.

The ECB official also pointed out that the White Paper states that tariffs should be based on sound economic principles but reflecting the long-run marginal cost of electricity and be cost reflective that is, cost should be allocated to consumer groups and expressed as charges based on the underlying cost drivers (Interview, 2011).

He went further and highlighted that the purpose of tariffs was to provide clear pricing signals for the efficient use of electricity on the market. In determining the tariffs, the ECB tries to balance the interests of the parties involved and protect the utility, IPPs, the

end consumers and the economy at large. Therefore, the cost of electricity is determined only by the prudent cost of providing electricity approved by the ECB. The argument from the ECB official reflected to the researcher that NamPower cannot charge independent pricing, but is directed and controlled by the Electricity Control Board. Such a situation inhibits the performance of NamPower as a state-owned enterprise (Interview, 2011).

### **5.7 Data analysis and Interpretation**

Data presented above show that NamPower is a state-owned enterprise whose economic and diplomatic activities are totally governed by the state. On the other hand, the interviewees to some extent agreed that NamPower is a non-political transnational actor in energy diplomacy.

The findings of this study show that, NamPower has a state-guaranteed mandate to enter into bilateral and multilateral agreements with power utilities in the region and beyond, for the purposes of securing and supplying energy to Namibia. As a foreign policy actor, NamPower has successfully pursued a sound diplomatic policy with Angola, the DRC, Zimbabwe, Zambia, Botswana, South Africa and other SADC states for the procurement of energy and still continues to enjoy excellent bilateral and multilateral relations with these foreign key players in the field of energy resources.

Even though NamPower operates an independent budget, the state-owned enterprise continues to enjoy healthy subsidies from the government through the Ministry of Mines and Energy. The spending of such financial resources has to pass through government

approval mechanisms which are often bureaucratic and largely inefficient. This study has therefore shown that conducting foreign policy matters is not only the function of the state, but non-governmental corporations (domestic and international) and others alike are key players in the conduct of foreign policy. Moreover, foreign policy should not only serve as political gains but should also serve for national economic interest of the country.

Research data gathered and analysed indicates that when NamPower seeks to open diplomatic negotiations and energy deals with foreign players, the company has to engage the Ministry of Foreign Affairs. This proves that NamPower has no powers to act entirely alone in any situation which involves procurement of energy for supplying the nation. This may presents a major functional and organizational predicament for NamPower and it inhibits its potential as a non-state actor in international relations.

Data collected and analysed in this research explicitly shows that energy supply is a critical security matter and if this source is threatened in any manner then the implications for the survival of the state is exposed to huge domestic and external risk. So far NamPower has handled the diplomatic relations exceedingly well but questions have been asked about the continued success of this state of affairs.

One might want to ask whether NamPower will be able to maintain the status quo indefinitely. The answer to such a question will be a clear no, meaning it is not possible. As the realists argued that there is nothing permanent in international relations thus many key changes can stir international relations from one level of diplomatic

friendliness, neutrality or even outright hostility to war for example a change in the political playing field in one country can have drastic implications for bilateral and multilateral agreements with non-state actors like NamPower.

Available evidence from this research indicates that Namibia has scant energy resources; for example, the Ruacana Hydro Electric Power Station is affected by the seasonal flow of the Kunene River. Therefore, NamPower has to come up with alternative and permanently reliable sources of energy before any drastic energy disruptions occur. The volatile price of oil on the international market has significantly affected NamPower's energy procurement and supply operations. There is no clear-cut solution in sight presently or in the near future which can address such a situation. Namibia needs constant and affordable supplies of energy for its mining, fishery, agricultural industries and its urban and rural population.

As a result of urbanization, especially in the informal settlements scattered all over Namibian towns and cities, energy needs have escalated to exceptionally high levels. There continues to be a sizeable part of the population who, while they can afford electricity, remain unconnected and who therefore, NamPower and other national stakeholders are obliged to ensure they are able to access electricity.

## **5.6 Conclusion**

This chapter has attempted to present data collected from interviews and questionnaires in relation to the role of NamPower as a foreign policy actor in foreign policy decision making and implementation. The presentation has demonstrated that NamPower has



been largely successful in pursuit of its national mandate of procuring and supplying energy to Namibia, for the past 22 years of independence. NamPower acted with diplomatic skills and organizational efficiency in its endeavours to satisfy its national and international mandate. However, a lot need to be done for Namibia to become secure in terms of power production if Vision 2030 is to be realized.

## CHAPTER 6

### CONCLUSION AND RECOMMENDATIONS

#### 6.1 Introduction

This study sought to explore the role of NamPower as a foreign policy actor, in terms of why it has to be and how it has become one. In doing this it looked at the policy framework within which NamPower is located in order to understand the imperatives that compel NamPower, which is otherwise a domestic government parastatal, to act as it does, both locally and internationally. The study also explored some of the bilateral and multilateral agreements that NamPower has entered into, during the period 1990 to 2010, in order to meet the demands of the policy environment that it operates within.

On the basis of the evidence collected and analysed in this research, the researcher concludes that NamPower plays a crucial role as a foreign policy actor. However, its capacity to fulfil such function NamPower is severely limited by the operational mandate which governs its powers and authority. The reasons are that NamPower is not exactly an independent entity but rather a subsidiary of the government. NamPower cannot enter into any agreement with any foreign actors without the approval of the Government of the Republic of Namibia.

## **6.2 Conclusion of the Study**

The rationale for this study was to understand the role of NamPower in energy diplomacy. The broad objectives of this research were firstly to demonstrate why and how NamPower is a foreign policy actor and secondly to explore the role NamPower plays as provided for in Namibia's White Paper on Foreign Policy and Diplomacy Management of 2004.

The research confirmed that access to reliable, affordable supplies of energy is a critical factor in helping to improve the living standards of people globally and in the developing world in particular. As such, to improve energy security especially in the Southern Africa Development Community (SADC), nations need cooperative energy policies that address a wide array of political, economic and environmental aspects.

The literature research provided in this research concludes that foreign policy dictates how a country will act towards other states politically, economically, socially, militarily and to some extent how it behaves towards non-state actors (Kinzer, 2006). The study also made the researcher to understand that "foreign policy" is a subset of public policy for the reasons that; it is developed by public bodies and officials; it emerges in response to policy demands; it consists of a course of action followed over time by governmental actions rather than their separate discrete decisions; it involves what a government actually does, not what merely it intends to do or what the officials say they are going to do and that it is authoritative in the sense that it is based on laws (Anderson, 1993: p. 7-9).

This research also acknowledged that within the contemporary international relations studies, state and non-state actors are rightly considered as key players in the foreign policy of any state. Accordingly, the process of building a capable state requires the participation of all vital forces of a nation. The term non-state is applicable to a large number of very different actors with distinct roles in the society. Nonetheless, the admission of non-state actors into IR was a reproach to the assumptions of realists and other black box theories of international relations which assume that states are the only important units of the (IR). Liberalists agreed that states are the principal actors of the world politics, but they are not the only one in the international relations as supported by the perspective of interdependence.

The proliferation of non-state actors has recently led some observers of (IR) to conclude that states are declining in their importance and those non-state actors such as NamPower are gaining status and influence through the use of soft power. In addition, new theories of IR such as the complex interdependence of Keohane and Nye (1989) were formed to explain such new developments. However, the failure of these approaches to recognize the social aspects of the relationships between states limits their ability to fully explain the dynamics between states, and the proliferation of non-state actors.

In the case of power utility companies in the region, the states have realized their handicap in the matters of electricity, and recognizing their common interests in the regional economic development have created a transnational entity, SAPP, through

which the utilities can work together to meet the demands of the region. The findings of this study also confirms Kegley and Wittkph (1995) assertion that as the world has grown smaller, mutual dependence of nation-states and other transnational political actors on one another has grown. So it is not out of place that Namibia finds itself hugely depended on the region for electricity.

While it is concerned by the status quo, Namibia however, takes solace from the common destiny that defines the region. In the bilateral and multilateral agreements explored the benefits were not necessarily balanced but that did not stand in the way of the transactions. For instance some countries would provide electricity to Namibia even when they are faced by deficit in their own domestic environment. This defies both the realist and liberal assumptions about state cooperation, and can only be explained much better in social terms.

The engagement of NamPower as the face of Namibia in all matters electricity and in dealing with other governments through their utility corporations, while it can be seen in the context of what Keohane and Nye (1989) saw as states opting to use non-state actors to deal with each other in the rubric of soft power, it can be better contextualised within the high level of trust that is exemplified in the relations between the SADC Member States.

It can therefore be inferred from the above argument that today's international world order allows other actors like NamPower to operate in the state's environment not only because of their activities in pursuit of their own interest, but act as "trans-national

belts” or “transmission belts” in making government policies in various countries more sensitive to one another.

Privileging a non-random purposive sampling in a case study design, the study targeted informants who are relevant, current and well informed in the national and international electricity market. As such, the target population for this study comprised key players in the Office of the Prime Minister, the Ministry of Foreign Affairs, the Ministry of Mines and Energy, NamPower and the Electricity Control Board.

It was deduced from this study that NamPower is an international actor because of its involvement with the generation, transmission and supply of electricity of the country. It also emerged from the study that while on behalf of the Government, the company entered into bilateral and multilateral agreements to supplement energy supply with various power utilities in the region and beyond. In addition, research evidence from literature gathered and analyzed and in-depth interviews with key respondents revealed that in its role as a foreign policy actor, NamPower has successfully pursued diplomatic and international relations with key foreign players throughout the past two decades.

From the findings of this study, it was concluded that the nexus between the state and non-state actors is that the state creates a conducive environment for non-state actors to play their roles through legislative and policy frameworks that define the parameters for such actions and the national interests to be pursued. For instance, in the Namibian context, whenever, there are Presidential or Ministerial visits on an official assignment, the business community affiliated to the Namibian Investment Centre (NIC) that

includes NamPower is always integrated into the delegation. This is because there are some services that the government will not be able to provide to the Namibian public due to lack of expertise and capability which the non-state actors are well endowed with.

The research also confirmed that electricity imports continued to dominate the national electricity energy supply and the gap between supply and demand continues to widen in the direction of demand. This is contrary to the target set in White Paper on Energy Policy of 1998 that Namibia with respect to security of supply should reach the target of 75% of energy requirements and 100% of local sources by 2010.

### **6.3 RECOMMENDATIONS**

The research presentation argues that as Namibia gears itself towards achieving Vision 2030, NamPower is expected to play an even more important role in procuring and safeguarding energy supply to the nation. In order, for NamPower to effectively execute its crucial function in energy diplomacy the following recommendations will be indispensable:

- NamPower will need to pursue more radical energy policies to accomplish sustainability and profitability in the unstable playing field of domestic and international politics. This need to be accomplished through various mechanisms which includes tapping renewable energy resources which are in abundance in the country and development of relevant and progressive policies in the management of power utilities.

- In order to attain Vision 2030, NamPower's role should be to secure the sourcing and supplying of reliable and affordable electricity to the country through increased bilateral and multilateral engagements with other non-state actors in the world. As the country move forward towards its developmental goals the availability of constant supply of energy will become an essential pre-requisite for socio-political and economic stability of the country.
- Expediting the process of licensing potential Independent Power Producers (IPP) will greatly supplement Namibia's power supply than to rely on NamPower as the country's monopoly provider of electricity.
- The Namibian Foreign Policy thrust should put more emphasis on the creation of a more independent NamPower in order to accomplish its cherished goals of procuring and supplying energy to the nation and beyond. This recommendation seeks to eliminate bureaucracy and organizational inefficiency associated with government departments. NamPower should be deliberately empowered with financial and diplomatic authority to act fully on its own as a non-state foreign policy actor. This can only be realized through the dispersal of ownership structure through ownership-diversification.
- It is the argument of this presentation that NamPower's activities as a non-state foreign policy actor should be fully empowered by the inclusion of electricity supply as a crucial foreign policy objective and this mandate should equip



NamPower with both diplomatic and financial liberty to conduct its mission without government restraints and limitations.

- Energy supply is important to the economy and Namibia needs to consider solar and gas as energy alternatives sources. Namibia experiences sunny and hot weather throughout the whole year and such goals are not far-fetched. These environmentally friendly energy resources could easily be complemented by wind generated power at the Namibian coastal areas along the Atlantic Ocean.
- The research recommends that NamPower should advance its bilateral and multilateral agreements to greater heights. NamPower could emulate other regional power utilities whose multilateral agreements are a source of envy. For example, SINOZAM Power Corporation, a joint venture between Zambian State Power Corporation (ZESCO) and two Chinese firms which set to build and operate a power plant which they can manage profitably and sustainably for thirty years before handing it over to ZESCO. This agreement is for the construction of the 750-megawatt Lower Kafue Gorge Power Plant which is to be completed in 2017.
- The research also seeks to applaud agreements like the one between NamPower and AREVA. Resources of Southern Africa is highly recommended for ensuring job creation and opportunities through power supply, this promotes the smooth running of the latter's work and thereby increase the returns for the creation of more jobs for the unemployed Namibians.

- In the case of renewable energy, the Government, public and private sectors, the business community and individuals with collaboration with NamPower should pull resources together through the Public-Private Sector Partnership (PPSP) for the purposes of financing generation projects such as Kudu power and Baynes power projects. For example, renewable energy is one of the new trends in the market it might be expensive however, it is safer than most, if not all energy sources. Therefore, this concept is supported by the Energy Policy of 1998 declaration that: “Renewable energy options often have a higher initial cost but lower operating and maintenance costs than conventional energy alternatives”.
- In the case of fulfilling its mandate to supplying electricity NamPower should ensure consistent supply of power without power cuts. This can be achieved when NamPower expedites the completion of its various internal power generation and supply and move away from being a net importer to a net exporter dependent entirely on its own sustainable resources.

Finally, the researcher believes that if some of these recommendations are implemented, NamPower can be transformed to better heights and Vision 2030 can be enhanced since electricity is the back-borne of industrial development in all economies be it transitional or developed economies.

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## 8. APPENDICES

### APPENDIX: A



FACULTY OF ECONOMICS & MANAGEMENT SCIENCE

Department of Political and Administrative Science

Tel 061-2063339: Fax: 2063914

09 August 2011

Mr. Paulinus Shilamba  
 Managing Director  
 NamPower Ltd  
 P.O. Box 2864  
 Windhoek

Dear Mr. Shilamba

My name is Bernadette Nakwenye Shooka, an employee of the Ministry of Foreign Affairs. I am currently enrolled in a government sponsored Masters programme in Security and Strategic Studies at the University of Namibia (UNAM).

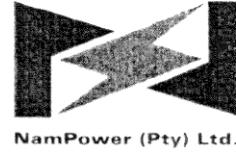
In partial fulfilment of the University's requirements for the award of the degree, I am assigned to conduct research focus on the role of NamPower as a Foreign Policy Actor as from 1990-2010.

The findings of this study will not only benefit the researcher, but will also benefit those Namibian that are in foreign services, and the nation at large in terms of contribution to already limited body of knowledge. Against this background, that I kindly request your good office to allow me access to your premises for purposes of collecting the data I might require. The information provided will be kept confidential.

Your co-operation in this regard will be highly appreciated.

Yours Sincerely,

Bernadette Nakwenye Shooka  
 MASSS Student  
 +264 811423023 /0811416153  
 bshooka@mfa.gov.na

**APPENDIX: B**

Centre: 15 Luther Street, P.O. Box 2664, Windhoek, Namibia. Tel: +264-61-2054111. Fax: +264-61-232304. E-mail: register@nampower.com.na

Ms Bernadette Nakwenye Shooka  
P O Box 27440  
**WINDHOEK**

Your Ref :

Our Ref :

Enquiries:

Date : 6 September 2011

Dear Ms Shooka

**REQUEST FOR PERMISSION TO MAKE USE OF NAMPOWER DATA FOR ACADEMIC RESEARCH**

I would like to refer to your letter dated 9 August 2011, requesting permission to conduct a research on NamPower, on the topic: ***"NamPower as a foreign Policy Actor (1990 – 2010)"***.

This letter therefore serves to confirm that the NamPower Managing Director has approved your request, to conduct research at NamPower offices in Windhoek. This approval is based on condition that no NamPower commercial data will be included in your research and that upon the completion of your study you will submit a copy of your research outcome to NamPower.

We wish you all the best in your study.

Yours faithfully

A handwritten signature in black ink, appearing to read "Simeon Amunkete".

Simeon Amunkete  
**Senior Manager: Human Resources**

**APPENDIX: C****Interview Guide****Ministry of Foreign Affairs**

1. Although, the Ministry of Foreign Affairs leads in the National Foreign Policy formulation and its implementation, there are other actors, including government institutions, agencies and state -owned enterprises that also enter the frame of the conduct of Foreign Policy. In our discussion we are talking about the national power utility company (NAMPOWER). Do you think the company plays any part in the conducting of foreign policy?

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2. How does NamPower support the national foreign policy goals and principles as articulated in Article 96 of the Namibian Constitution.?

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3. NamPower being the national power utility is very much part of regional framework. If Yes! How do you view NamPower's mandate nationally, regionally and intra- regionally?

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4. Does the Namibian White Paper on Foreign Policy recognise the role of NamPower as National power utility?

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5. What kind of relationship exists between the Ministry of Foreign Affairs and NamPower?

**APPENDIX: D****Interview Guide: Ministry of Mines and Energy (MME)**

1. How the Ministry of Mines and Energy does relate to NamPower as national power utility? If yes, is this relationship strategic? Could you please elaborate

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2. How and Why does government investing in NamPower ?

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3. NamPower is considered a foreign policy actor. Do you think that role limits the Ministry of Mines and Energy's oversight over NamPower? If yes, in what sense. Could you please elaborate?

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4. Is NamPower part of the budgetary process of the Ministry of Mines and Energy?

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5. Does the Ministry view the future strategic direction of NamPower?

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**APPENDIX: E****Interview Guide: NAMPOWER**

1. How would you describe the role of NAMPOWER, nationally, regionally and internationally?

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2. Do you do risks assessment? If yes! Where do these risks assessment channelled?

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3. What are the short, medium and long-term energy projections of NamPower in place?

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4. How strategic is NamPower to Namibia and SADC Region?

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5. Is there national generation capacity in place? or what is our national energy generation capacity?

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6. What are the impacts of the recent Euro-zone economic crises on the future prospects of NAMPOWER particularly in terms of capital projects? Given the fact that Europe is very much strategic to Namibia in terms of Foreign Direct Investments (FDI)?

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**APPENDIX: F****Interview Guide: Electricity Control Board (ECB)**

1. What is the mandate of the Electricity Control Board?

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2. What is the relationship between ECB and NamPower? If there is any

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3. NamPower is a foreign policy actor. Do you think it qualifies as such, being accompany that still in relationship with Electricity Control Broad (ECB)  
Does the ECB works in support of NamPower's agreements?

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4. How does the cost of electricity be reduced not only for foreigner investors but for the local consumers as well?

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**APPENDIX: G****Interview Guide: Office of the Prime Minister**

1. The international system has changed over the years from the obvious actors to unusual non-state actors. NamPower being a non-state actor is involved in many aspects of foreign policy in particular that of signing Bilateral and Multilateral Agreements? Would you substantiate your thoughts on the assumption that Non-state actors are indeed powerful in the execution of the foreign policy with specifically reference to NamPower?

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2. What is your understanding of NamPower as a non-state actor? / What is the significant of the NamPower as a non-state actor?

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3. Is there any institutional relationship between Office of the Prime Minister and NamPower? If yes, please elaborate