



CONFERÊNCIA INTERNACIONAL

ENERGIA RENOVÁVEL EM ANGOLA 2022 **5 – 6 Julho** Luanda, Angola

INTERNATIONAL CONFERENCE
RENEWABLE ENERGY IN ANGOLA 2022
5 – 6 July Luanda, Angola

PUBLIC FINANCING FOR PRIVATE SECTOR GROWTH

NATIONAL ENERGY PROFILE

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World Bank



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Public & Private: Financing significant needs

- Government of Angola (GoA) targets to reach a 60 percent electricity access rate nationally by 2025.
- With a population growth rate of 3.3 percent, ENDE will need to add approximately 150,000 new connections each year (or about 12% of all ENDE consumers at present) to keep pace with population growth
- To reach government access goals, geospatial analysis estimates:
 - Total publicly financed contribution to grid expansion and densification will be approximately \$2 billion through 2030
 - \$1.15 billion for large and small mini-grids, which will include a combination of public-sector subsidies and private-sector investment
- Annual investments for the transmission sector in Africa ranges between US\$3.2 billion to US\$4.3 billion during 2015 and 2040.
- Let us take a look at 4 areas that need public sector leadership: Sector finances, policies, institutional capacity, investment strategies

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Public & Private: Getting sector finances right

The full costs of expanding, operating and maintaining the power system must be clearly and transparently determined:

- Assessment of cost of service and the associated Annual Revenue Requirements (endorsed by Presidential Decree (Decreto Presidencial n.178/20, June 25, 2020)
- Existing tariff structure has good features.
- Current industrial tariffs at MV and HV are close to reference tariffs
- Initially set with Major Tariff Reviews taking place every 4-5 years

Subsidies, if any, must be well designed and targeted:

- Less than 3% of public electricity users and less than 5% of all households that own fuel-dependent assets belong to the poorest quintile.
- Affordability assessment to determine which part of Angolan population requires subsidies.
- Subsidies are currently concentrated in the LV tariff categories

Define a path towards a cost-reflective sector:

- Recommended the development of a path that minimizes social impact of tariff increases while guaranteeing financial sustainability of the system.

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Public & Private: Empowered institutions

- In relative terms, Angola's new electricity sector is in a transition phase following the unbundling reform
- Decreto Presidencial n.178/20, June 25, 2020 transferred to the electricity sector regulator, IRSEA, the authority to set and enforce annual revenue requirements. Additional capacity building to be support application of methodology to commence.
- ENDE is working under challenging circumstances:
 - Overall losses have been steadily above 30 percent and collection rates below 75 percent. Less than 30 percent of customers have pre-paid meters.
 - How well will public institutions honor payment obligations? And is ENDE empowered to cut supply to non-essential services?
- From the electrification analysis, there is the need for government oversight of a uniform access strategy:
 - MINEA needs to be strengthened with a unit to coordinate expansion of on-grid and off-grid access to electricity.
 - Sub-directorates would include units for stand-alone solar solutions, mini-grid solutions, planning, administration and monitoring and special studies..

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Public & Private: Clear investment strategies and policies

- Developing and adopting strategies will provide clarity to private sector. For example, electrification analysis estimates \$3.3 billion by 2030. A national electrification strategy will define how these goals will be financed and role for private sector.
- Similar strategies for transmission (where private sector can also contribute) and generation will be needed.

	2030
Grid Expansion	1,118,729,530
Densification	933,885,390
Mini-grid	1,153,329,080
SHS cost	122,742,000
Total cost	3,328,686,000



Public & Private: Clear investment strategies and policies

An integrated and cross-cutting RE roadmap building on a catalytic role played by the public party for long lasting impacts

**ELECTRICITY
PRODUCTION & ACCESS**

Better security of supply and cost-competitive solutions

**PARTICIPATION
TO THE RE VALUE CHAIN**

Participation of the local industry to the value chain of RE projects

**LOCAL
DEVELOPMENT**

Inclusive development enhancing the local communities' livelihoods

**HUMAN
CAPITAL**

Capacity building with a specific focus on equality

Deploying VRE while catalyzing economic development: An opportunity to build a sustainable ecosystem, resilient in the context of climate change and well-articulated, leveraging new opportunities for PPP

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Electricity Service Improvement and Access Project (ESIAP)

Objective is to improve the operational performance of the electricity sector utilities and increase electricity access in selected cities in Angola

Activity	IBRD	AFD	Total
1.0 Electricity access expansion and improvement of revenue collection (ENDE)	100.00	150.00	250.00
1.1 Distribution network rehabilitation and expansion	93.00	150.00	243.00
1.2 RPP	7.00		7.00
2.0 Electricity service improvement (RNT)	124.00		124.00
3.0 Improvement of PRODEL's capacity and strengthening sustainable management of generation plants	11.00	17.00	28.00
3.1 Improvement of corporate management and technical capacity	3.93	6.07	10.00
3.2 Strengthening of monitoring, operation and maintenance of generation plants	6.29	9.71	16.00
Contingency	0.78	1.22	2.00
4.0 Project management support	15.00	0.00	15.00
	250.00	167.00	417.00

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Referenced material

- National Electrification Analysis (World Bank, 2020)
- Angola Cost of Service Study (World Bank, 2020)
- Sustainable Renewables Risk Mitigation Initiative (SRMI) (World Bank)
- Linking up: Public-Private Partnerships in Power Transmission in Africa (World Bank, 2018)
- Understanding Power Transmission Financing (PowerAfrica, 2022)

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Obrigado pela vossa atenção
Thank you for your attention

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