



Angola Energy Sector Needs Assessment

Activity:	Angola Energy Sector Needs Assessment
Program Area:	Energy Sector Governance
Implementer:	Nexant, Inc.
Geographic Focus:	Africa
Country:	Angola
Duration:	April 2003 – December 2003

Project Background

Angola has come out of a civil war that lasted for over two decades and resulted in immense damage to the country's basic infrastructure. In order to support the immediate rehabilitation and mid- to long-term development process in Angola, USAID supported a diagnostic study of the Angolan energy sector to serve as a platform for any future assistance to Angola.

Objectives

The objectives of the study were to:

1. Identify critical areas for technical assistance (TA) to support rehabilitation and restoration of energy services to support economic development and promote private sector investment; and
2. Determine medium- and long-term TA programs in the energy sector.

Activities

The diagnostic study included power, petroleum, gas, renewable energy, energy efficiency, institutional, financial, and human capacity issues. The study made broad recommendations that were responsive to the prevailing conditions

and sought to capitalize on private sector involvement. The core recommendations were hinged upon the following pillars:

- Strengthening policy decision framework;
- Building out legal and regulatory capacity;
- Strengthening the power sector's ability to rehabilitate and perform commercially; and
- Developing mechanisms to improve energy access.

Project Results

The main recommendations for the rehabilitation and restoration TA include:

- Developing a national energy strategy and policy which would promote the consistent and least cost development of resources. It will enhance the country's potential for growth and access to energy with a coordinated effort from all the stakeholders in the energy sector with a vision and approach to manage the country's energy resources in a sustainable manner;



- Developing and strengthening the regulatory framework in the petroleum and electricity sectors that promote private sector participation and transparency;
- Providing rehabilitation assistance to the ministry of energy and water, and core energy companies involved in transmission and distribution; and
- Providing assistance to the energy companies in revenue enhancement through improved commercial practices.

The mid- to long-term recommendations for TA to the energy sector include:

- Focusing TA on improvement of basic planning, commercialization, pricing and restructuring assistance, as well as on developing the necessary incentives and instruments to attract private sector participation;
- Providing TA to establish an independent electricity regulator, because independent authoritative regulation is vitally important to the development of the power sector and the

attraction of private investment. TA will also include developing of the necessary tools and procedures, as well as designing the implementing regulations;

- Focusing petroleum sector assistance on downstream product supply and distribution developing the appropriate plan and regulations for attracting private sector participation; and
- Focusing on developing a long-term master plan for localized demand for gas.

There is a significant and vital need to commence developing a policy, plan and the social/political infrastructure to insure the success of recommended programs.

Development Impact

The Angola Energy Sector Needs Assessment provides a starting point for any future studies in the energy sector. The purpose of the study was to identify the sectoral needs and provide an outline for a roadmap. The success of this study will only be determined from the outcomes of any assistance offered to the energy sector in Angola.

USAID Contact

Davida Wood
Office of Infrastructure and Engineering
+1 202 712 0594
dwood@usaid.gov

Project Contact

Russ Profozich
Nexant, Inc.
+1 202 326 0734
rprofozich@nexant.com