Independent Development Evaluation
African Development Bank

From experience to knowledge...
From knowledge to action...
From action to impact


What did IDEV evaluate?

IDEV evaluated the African Development Bank’s (AfDB) two most recent Country Strategy and Programs (CSPs) in the Republic of Angola, namely CSP 2011–2015 (extended to 2016) and CSP 2017–2021. The evaluation covered the Bank’s lending and non-lending operations in Angola during the period 2011–2020, covering a portfolio of 27 projects valued at UA 1.9 billion (US$2.7 billion1).

This highlight focuses on the Bank’s contribution to Angola’s energy sector, which is managed by the Ministry of Energy and Water (MINEA). Currently, electrification rates stand at 44% in the cities, and less than 10% in rural areas. The country’s energy capacity is composed of hydropower (61%), thermoelectric power plants (31%), natural gas (7%), and renewable energy (1%).

What did IDEV find?

The Bank’s investments in the energy sector accounted for 57% of the total value of the portfolio in Angola, distributed among three projects: Power Sector Reform Support Program (PSRSP), Phase 1 of the Energy Sector Efficiency and Expansion Project (ESEEP-I), and the Angola Renewable Energy Program (AREP).

Relevance and coherence

The energy operations were rated satisfactory as they responded to a national need to increase and diversify power generation, as well as to restructure and improve the governance of the sector for enhanced effectiveness. The interventions were aligned with the Bank’s Strategy for the New Deal on Energy and the High5s agenda, particularly the “Light Up and Power Africa”, which aims to increase access to energy. The Reform Program allowed for better segregation of functions in the energy sector, thus clarifying the areas for private sector investment, and consequently, ensuring the stimulus to the competitiveness of the economy. This was in line with the two CSPs, and subsequently Angola’s National Development Plan (NDP 2018-2020).

There was an increasing effort to work with the Government of Angola (GoA) to better coordinate activities of Development Partners (DPs) in the sector, with the Bank taking the lead of the working group on energy. Synergies in project implementation through good coordination and harmonisation with the World Bank (WB), Japan International Cooperation Agency (JICA), and the Agence Française de Développement (AFD) among other DPs were maximized.

Effectiveness

The Reform Program, approved at US$972million in 2014, contributed to improving the organization and performance of the sector after the creation of 3 public companies: in generation (PRODEL), transmission (RNT) and distribution (ENDE), operating with new assets and own resources. The interventions contributed to a reduction of non-technical losses from 28% in 2018 to 25% in 2020; connection of 367,000 customers by ENDE between 2017 and 2020; and installation of 331,000 pre-paid energy meters, thus contributing to enhanced revenue.

1 Unit of Account (UA) = 1.44 United States Dollars (US$) as at 31st December 2020
collection; large financing mobilized by DPs for the sector; a review of the main legislation; and support for private sector investments. Results were however limited by the Bank’s inability to adequately develop a program to support private sector development priorities. The effectiveness of the AREP which seeks to increase electricity access, a balanced energy mix, and a reduction in fuel dependence, was below expectations owing to delays in implementation arising from organizational problems within MINEA.

**Efficiency**

The efficiency of the energy operations was noted as satisfactory in terms of operational compliance standards, and measures to ensure the effective use of resources, however, delays and implementation concerns were recorded in the ESEEP-1 and AREP, owing to procurement bottlenecks; difficulties in alignment with the Bank’s procedures; and weak capacity of the implementing institutions, among others. The situation was aggravated by the COVID-19 pandemic, and procedural requirements to have all documents in Portuguese for the government, and in English for the Bank. Overall, the CSP design did not mention or target climate change. Therefore, the green growth strategy was not clearly defined. Only the ongoing US$515.1 million ESEEP-I which seeks to expand power transmission and distribution in rural areas incorporated an explicit focus on clean energy.

**Sustainability**

The interventions were rated satisfactory, as the institutional capacity building, environmental sustainability, and the ownership and commitment of the beneficiaries were considered adequate for sustaining the energy programs (PSRSP and ESEEP-I). Nonetheless, the evaluation noted concerns and setbacks regarding the financial and economic sustainability of the PSRSP. Despite a US$530 million program to address issues of revenue collection capacity and energy losses, challenges in revenue collection remain. There is also a strong need to reinforce and expand the transmission and distribution network.

**What lessons did IDEV draw?**

- Solid investments in economic and social infrastructure, new skills, and technical capacities can yield good returns, given the pervasive infrastructure and skill gaps that continue to affect Angola.
- Energy losses represent a major risk to the sustainability of the energy sector in Angola.

**What did IDEV recommend?**

- The Bank should facilitate the development of transmission infrastructure between the power plants and loading centers in Angola’s southern region through the ESEEP-I.
- The Bank and GoA should review the approval processes for implementation of the Bank’s program in Angola.
- The Bank should mobilize other DPs to finance programs to reduce energy losses, rehabilitate and upgrade the transmission and distribution grid which, among others, will ensure the sustainability of the Bank’s programs in Angola.
- The Bank, together with other DPs, should create an Energy Working Group that will meet regularly with the GoA to maximize synergies among the DPs.

**What did Management Respond?**

Management welcomed IDEV’s evaluation of the implementation of the Bank’s CSPs in Angola. The period under review saw significant success in positioning the Bank as the leading development finance institution in Angola before headroom constraints limited engagement. Moreover, Management appreciates this independent evaluation and its findings, which will inform the dialogue with the authorities to help improve the effectiveness of ongoing operations and provides valuable lessons for the design and implementation of the Bank’s new CSP (2024-2028) as well as for the extension of CSP (2017-2021) to 2023. Key among the required interventions is mobilizing resources for an energy sector Public-Private Partnership (PPP) project preparation with a Middle-Income Country grant proposal.