ANGOLA

CHALLENGES AND OPPORTUNITIES FOR PRIVATE SECTOR INVOLVEMENT IN NDC IMPLEMENTATION AND GREEN INVESTMENT

COUNTRY CLIMATE CHANGE CONTEXT

The indication of the key (I)NDC (currently being revised) mitigation sectors for Angola are energy, agriculture and forestry while the most vulnerable sectors are agriculture, coastal zone, land-use, forests, ecosystems and biodiversity, water resources and health. The country’s environmental changes include mean temperature increases, modified rainfall patterns, sea-level rise, alterations of oceanic acidity and temperature, as well as shifts in the habitat ranges of plants and animals. The climatic shocks include droughts and flooding, as well as other extreme weather events. (I)NDCs, version of 2015, estimated costs for foreseen mitigation and adaptation measures in Angola are approx. $ 15.7 Billion up to 2030, in which the private sector has a great role to play.

PRIVATE SECTOR CHALLENGES

Despite the progress made, there are persisting challenges that hinder inclusive growth in the country, notably: low agricultural production and productivity, limited skills, weak trade facilitation and export support systems, weak quality and unequal distribution of infrastructure, and challenging business environment. In addition, gender disparities in health, education and employment have persisted overtime. More specifically:

> There is limited knowledge and experience from private sector in preparing bankable, innovative and climate related projects preventing them from accessing existing climate change financing opportunities. Also, limited capacity and knowledge at government level to be part of negotiations on climate financing, carbon market and project implementation.

> Angola controlled inflation in a scenario of exchange rate liberalization and depreciation, high rates for loans made in Kwanzas (Angola’s currency) and limited availability of hard currency. The private investors are facing obstacles particularly in areas related to access to credit, enforcing contracts and trading across borders.

PRIVATE SECTOR OPPORTUNITIES

Angola has favorable economic opportunities and prospects. The country has a high agricultural potential, natural resources, strategic geographical location that facilitates regional integration, intraregional trade, and potential labor force which, if effectively harnessed with adequate skills and technology could support labor intensive manufacturing. Other opportunities:

> The national’s planned economic diversification program, which includes growing sectors such as agriculture, fishing, and mining that utilize Angola’s abundant natural capital. The broader use of natural capital implies that the country must be particularly careful to think sustainably and maximize its climate change readiness.

> Angola has been experiencing better articulation between the public and private sectors particularly with foreign companies with experience in Private-Public-Partnerships.
> The country is privileged geographically, therefore strategically positioning it for **regional integration** and potential for development of energy-efficient projects and significant opportunities for initiating large-scale afforestation/reforestation activities.

> The Paris Agreement provides **opportunities for climate funding and increased international cooperation on climate change funding**. There are several available funding mechanisms and opportunities from climate related institutions (e.g. GEF, GCF, African Development Bank, World Bank, European Union, etc.).

### RECOMMENDATIONS

Angola, as many other countries, will require international support in the form of finance, investment, technology and capacity transfer. And so, the investment **environment must be enabled for international participation in the country’s market**.

More priorities are as follows:

> **Skills development** enhancement as it is critical to improve the business environment and private sector should have a larger role in the economy, including in the development of infrastructure through public-private partnerships and concessions. Capacity building to enhance the labor skills and knowledge to develop climate-integrated bankable private sector projects, understanding of climate investment opportunities and climate threats.

> To invest in agricultural transformation and value chains to **diversify exports and national revenue sources**. Also, there is need of investment on the expansion of electricity access, water and sanitation supply, in urban, peri-urban and rural areas.

> To invest in meteorological **monitoring systems**. It is known that the low level of coverage in meteorological data in Angola makes it difficult to carry out more accurate climate modelling. This is very important in a country with a very diverse climate, where the climate changes rapidly and in a short distance change, and where there is high variability from year to year.

> More profound and **detailed assessment of the different sectors' potential** as well as how the private sector could be integrated.

> To enable the **regulatory environment** to facilitate more climate-friendly investments, avoiding bureaucratic barriers, nepotism and other governance issues. The country has weak financial systems and lacks reliable financial information to correctly measure the efficiency and competitiveness of the market.

> Creation of tax exemptions tailor-made specifically for **green technologies** and innovative green developments.

> To open the market for **international investment**, there is a need to address the challenges associated with capital repatriation and others.