



The Africa Energy Bank and the Future of Energy Financing in Nigeria

What's the News?

On 2 February 2025, Nigeria formally handed over the headquarters of the Africa Energy Bank in Abuja, moving the Bank closer to full operational take-off nearly 20 months after its establishment was first announced. According to public reports, the Africa Energy Bank is expected to commence operations with an initial capital base of approximately US\$5 billion, with Nigeria serving as host country and a key stakeholder.

The Bank was established by African petroleum-producing countries as a dedicated development finance institution to support energy projects across the continent, particularly in response to growing

constraints in accessing traditional international energy financing.

Why Does This Matter?

Over the last decade, African energy projects—especially oil, gas, and related infrastructure—have faced increasing difficulty securing long-term financing. This has been driven by shifts in global ESG priorities, reduced appetite by multilateral lenders for hydrocarbon-linked projects, and stricter financing conditions for energy assets viewed as “transition-sensitive.”

For Nigeria, these constraints have coincided with:



- Increased indigenous ownership of upstream assets
- A national policy focus on gas as a transition fuel
- Significant capital requirements for midstream, power, and industrial energy infrastructure The Africa Energy Bank represents an Africa-led response to these challenges. Its establishment signals a deliberate attempt to provide alternative, development-aligned financing for energy projects that remain critical to economic growth, energy security, and industrialization, but which may no longer fit neatly within traditional international funding frameworks.

How Can Stakeholders Benefit?

The operationalization of the Africa Energy Bank has potential implications across Nigeria’s energy and infrastructure value chain:

Project Sponsors and Developers

- Improved access to long-term financing for gas, midstream, power, and energy-transition projects
- Greater flexibility in structuring projects that may struggle to secure funding from conventional DFIs
- Enhanced bankability for projects led by indigenous operators

Investors and Financiers

- Opportunities to participate in blended financing structures alongside a development-focused lender
- Risk-sharing potential for capital-intensive energy and infrastructure projects
- Increased deal flow as previously stalled projects become financeable

Government and Regulators

- Additional financing support for national energy and industrialisation objectives
- Reduced pressure on sovereign guarantees and public funding
- Alignment between energy policy goals and financing availability

The Energy Market More Broadly

- Increased momentum for gas commercialisation and midstream infrastructure
- Support for energy security while managing transition realities
- Potential reshaping of financing norms for African energy projects

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As Nigeria’s energy and infrastructure landscape continues to evolve, understanding the implications of new financing institutions such as the Africa Energy Bank is critical for sponsors, investors, and policymakers alike. For guidance on energy and infrastructure transactions, regulatory strategy, and project structuring, contact us at info@scp-law.com or visit www.scp-law.com

