# II. Africa

# African Energy Bank Will Fight Credit Cutoff for Hydrocarbon Development

by Dean Andromidas

Aug. 22—African policymakers see the "energy transition" to "save the planet" as yet another way to perpetuate Africa's economic backwardness; they are therefore mobilizing to fight for the right to develop Africa's abundant energy resources, including oil, gas, coal, uranium, and mighty rivers.

The West's major weapon to enforce its Malthusian climate-change policy is to cut credit to any investment they claim does not conform to "environmental, social, and governance" (ESG) criteria, and hydrocarbons are on top of this list. Already the international institutions are denying credit for coal-fired power stations, while the World Bank no longer finances gas-fired power or even large hydroelectric power stations.

To meet this challenge an African Energy Bank has now been created, to mobilize the continent's own financial resources to provide the necessary credit. First proposed by the African Petroleum Producers Organization (APPO) in May of 2022, the Bank had its charter signed in June of this year, and on July 4, Nigeria was chosen to host it in the Nigerian capital of Abuja. The Bank opens for business in September.

This new institution is a joint venture between APPO and its member states and the African Export-Import Bank (Afreximbank). The 18 member states of APPO include Algeria, Angola. Benin, Cameroon, Chad, Republic of the Congo, Democratic Republic of the Congo, Côte d'Ivoire, Egypt, Equatorial Guinea, Gabon, Ghana, Libya, Namibia, Niger, Nigeria, Senegal, and South Africa.

Speaking at the June 4 signing of the African Energy Bank's charter at the Afreximbank in Cairo, APPO Secretary General Dr. Omar Farouk Ibrahim declared:

> For too long Africa's oil and gas industry has been dependent on extra-African funding. We came to take foreign financing of our oil and gas projects for granted, until the advent of energy transition made us realize that those on whom we have depended for many decades have decided to abandon us.

OPEC Facebook page

*Dr. Omar Farouk Ibrahim, Secretary General of the African Petroleum Producers Organization (APPO).*

N.J. Ayuk Facebook page

*N.J. Ayuk, Executive Chairman of the African Energy Chamber.*

He stressed that Africa cannot afford to abandon oil and gas; it has the largest share of population of any continent living without access to energy, although it has over 125 billion barrels of proven crude oil reserves, over 600 trillion cubic feet of proven gas reserves, and more findings are made regularly.

Dr. Ibrahim was backed up by pointed comments from N.J. Ayuk, Executive Chairman of the African Energy Chamber, in an interview released ahead of "African Energy Week: Invest in African Energies," which will take place this November in Cape Town, South Africa. Ayuk told *Arise News* in an interview published July 24:

> We are tired of people talking down on Africa as if we are in the dark ages, or the black continent. We should be proud of our continent and showcase those opportunities, and I thank God that we have an opportunity to show that and do it in the best form.
>
> [The] African Continent is pushing hard for a just energy transition that takes into account the peculiarities of energy poverty and other challenges that the continent faces…. I think Africa is at the center of global discourse because of one most important thing: energy poverty. I think, at a time when many are saying we need to—because of climate change—we need to abandon oil and gas resources, Africans are today saying, "No, it's our time to develop." We still have 600 million people without access to electricity, and 900 million without access to clean cooking.
>
> We cannot abandon them at this time when we are still trying to industrialize.... You need to take into consideration African industrialization. There is so much gas, natural gas in Africa that we can use to industrialize. That's why we say drill, baby, drill, to be able to see that we can monetize these resources and develop our people.

Exposing the broken promises of those demanding that Africa abandon oil and gas, Ayuk concluded:

> The global voices that are saying we need to shift to cleaner forms of energy, have to live up to their true promises. It's not okay to promise billions of dollars for clean cooking or energy access, yet that money never comes.[1]

## African Energy Bank Takes a Lesson from Hamilton

The principle upon which the AEB was created parallels that of U.S. Treasury Secretary Alexander Hamilton's First National Bank. That is, to mobilize a country's financial resources to finance an infrastructure-driven industrial policy.

African national oil companies have been borrowing on the City of London capital market to fund oil and gas exploration and development. These foreign loans have the first call on profits from production, which has to be exported in order to earn the dollars needed to pay off the loans. So the profits are exported as well as the oil, leaving Africa with its huge energy deficit, and poverty.

The AEB will work to change this dynamic. It will have an initial capitalization of $5 billion, financed through an $83 million investment by each of the member states of APPO, and capital from other investors. Rather than borrow on the capital markets of London and Wall Street, it seeks financing from among Africa's 700 banks, and from among African pension funds, which often invest their funds in foreign securities. Since any sales of oil and gas to the Americas or Europe will settle in hard currency, investing in the Bank will be attractive.

The AEB is just the newest of a group of Pan-African banks organized under the African Union and owned by all the governments of member states. This includes the AEB's principal partner, the African Export-Import Bank (Afreximbank), and the African Development Bank.

The Pan-African Payment and Settlement System has also been initiated by the African Union and the Afreximbank, to facilitate cross-border payments in local currency. And the African Union has created an African Free Trade Zone to expand intra-African trade, which is currently at a very low level.

These institutions are becoming the first line of defense against the current Western financial system, dominated by huge private "universal banks," and the International Monetary Fund (IMF) and World Bank; these operate on fundamentally different principles, which relegate Africa to enforced backwardness.

A new model is emerging. While the neoliberal IMF system is underpinned by the United States—not as the leading industrial power, but through the U.S. dollar and Wall Street—the nucleus of the emerging system is underpinned by China as the world's largest industrial economy. While this system is not yet in place, China and the BRICS nations are now grappling with the fundamental issues of a payments system, a unit of account, and a credit system. Now that Ethiopia and Egypt have joined Brazil, Russia, India, China, and South Africa, there are three African countries among the BRICS. The recruitment of Iran and particularly the United Arab Emirates adds two countries with growing economic ties to Africa.

---

1. N.J. Ayuk and Dr. Omar Farouk Ibrahim were quoted in the Dec. 22, 2023 *EIR*, in "COP 28 Will Not Stop Africa: The World's Next Economic Miracle."

The fundamental problem the BRICS are grappling with is that the United States and Europe continue to be among their main trading partners and lenders, to whom they have financial obligations, especially debt. The International Monetary Fund already has Egypt, Ethiopia, Kenya, Zambia, Nigeria and other African countries under loan programs with harsh conditionalities.

Until the fundamentally bankrupt Western system is put through a bankruptcy procedure and transformed from a system of speculation to that of productive investment, the actions of the BRICS in Africa can only partially mitigate the damage. Nonetheless the mitigation must occur now, if Africa is to industrialize.

CC/FrankvEck

*World's largest crude oil distillation column under construction at the Dangote refinery.*

## The Foundation of Industrialization

Number one in this respect, is the reversal of the "resource exporter" policy as a continuation of colonialism. African policymakers are moving from resource export to processing resources such as mineral ore, agricultural products, and oil and gas, not only for export but also for internal trade and development. This is the foundation of African industrialization. The only country as well endowed with natural resources is Russia. But unlike Russia, which suffers from severe underpopulation, Africa has the most youthful population of any continent. And last year, for the first time in the history of humanity, Africa was the only continent whose population increased.

African policy makers are well aware of the problem and the solution, especially in the energy sector. In a recent interview, Dr. Ibrahim emphasized the need to seek [local solutions](#) to energy poverty:

> Oil and gas have been treated as export commodities from the very first time they were discovered on our continent. They were not seen as commodities that should benefit primarily the people of the continent, but outsiders.
>
> Africa holds significant reserves of oil and gas that can be harnessed to eradicate energy poverty on the continent. We must develop the capacity to refine energy production and distribution, ensuring accessibility for our population.

He was referring to the fact that most oil exporting countries lack sufficient refinery capability, forcing them to use their earnings from oil exports to buy petroleum products. Unlike Western Europe, which has a huge network of oil and gas pipelines for internal distribution, almost all African pipelines are for export, making these products even more expensive.

But this is changing rapidly.

## Africa's Largest Refinery

The solution to this predicament took a dramatic step forward in January, when Africa's largest oil refinery, the seventh-largest in the world, began operation in Nigeria. The project was the work of Aliko Dangote, whose new refinery has a capacity of 650,000 barrels per day. Built outside of Lagos, the country's largest city, this megaproject covers 4,000 football fields and includes a petrochemical complex and its own port. It cost some $20 billion to construct. This project of APPO had the support, in Nigeria, of both former President Muhammadu Buhari and current President Bola Ahmed Tinubu.

Dangote's intention was not merely to stop costly petroleum product imports and add value to the country's oil resources through downstream development. He has offered to sell these products to African countries for local currencies, a huge advantage to importers. He has also offered to refine the oil of other West African producers, including Niger, Cameroon, Ghana, Côte d'Ivoire and Angola. Reflecting the youthful workforce of Africa, engineers and professionals from "Generation Z" dominate the 3,000-strong workforce operating the refinery. The young engineers, averaging 26 years of age and well educated, are Nigeria's most important resource. Dangote pays them well to prevent poaching by Western oil companies. Indeed, there is a huge shortage of engineers in both the United States and in European countries such as Germany, once the engineering capital of Europe. But "Gen Z" must be given the motivation to contribute to the industrial transformation of their continent.

CC/Investment Corporation of Dubai

*Aliko Dangote, CEO of the Dangote Group.*

Nonetheless, Dangote ran up against a firestorm of resistance from international oil companies, international finance, and vested interests inside Nigeria who had profited on expensive imports of petroleum products.

Dangote told the CEO Forum of the Afreximbank Annual Meeting:

> I knew there would be a fight. But I didn't know that the mafia in oil— they are stronger than the mafia in drugs, I can tell you that. They tried all sorts of things to stop me.... During the COVID period, some of the international banks really were looking forward to making sure that they [pushed] us into default of our loans, so that the project will just be dead. And that didn't happen, with the help of banks like Afreximbank.

Dangote Industries Limited media page

*Gasoline tank, capacity 30 million liters, at the Dangote refinery. The refinery is the largest in Africa.*

Dangote even had to fight the National Nigerian Petroleum Company Ltd. (NNPCL), which made spurious claims that his refined products were inferior. While the internal conflicts are clearly on the way to be resolved, international actors are nervous that his huge production will seriously affect their control of the international market.

In addition to the "market" and other administrative hurdles thrown in front of the Dangote refinery since even before it began operations, the environmentalist movement—the British-led storm troopers against economic development—reared their heads in July (see article this issue).

## An African Industrialist

Aliko Dangote's is a fine example to follow. Reputed to be the richest man in Africa, he did not generate his wealth by owning duty-free shops at airports, or in casinos and tourism. Nor does he own a house in London or the United States, or elsewhere outside Nigeria. His fortune came from a personal commitment to industrialize Nigeria and Africa. His Dangote Group is a fully integrated conglomerate. His interests include cement production—Alcuin, the largest cement factory in Africa; a fertilizer complex that once fully operational will make Nigeria self-sufficient; sugar refining, and farm production.

Dangote is an outspoken critic of the high-interest-rate policy being dictated by the IMF on the pretext of stopping inflation, when in reality, it stops growth and forces large companies to borrow in Western capital markets. He is also critical of the radical free-market policy whereby a country is not to protect its nascent industries. Keynoting a recent conference panel on "Rethinking Manufacturing" at the Nigeria Manufacturers' Summit, he asserted, "Nobody can create jobs with an interest rate of 30%. No growth will happen." Insisting Nigeria has to industrialize and not be import-dependent, Dangote said:

> Import-dependence is equivalent to importing poverty and exporting jobs. Sadly, Nigeria re-

> mains far behind, with its manufacturing sector accounting for less than 5% of its merchandise export in 2022.

He compared this to countries like China and South Korea, where manufacturing accounts for 93% of exports:

> Post-independence, and indeed until the late 1980s, we had a thriving and consistently growing and increasingly diversifying manufacturing industry. But as all of us can testify, our manufacturing sector has declined over the years. I believe a primary role and responsibility of the government is not only to promote investment and encourage investors in manufacturing, but also to ensure that those investments are nurtured and protected to grow and thrive.
>
> We are often told that protecting your industries makes your country uncompetitive! This is pure fiction. It is quite the reverse. I say you cannot be competitive until you protect and support your own industry.

Dangote gave that panel the example of his own cement company, which was established with government protection measures and now is "among the 10 most competitive cement producers in the world, and the biggest cement producer and cement exporter in Africa."

Dangote's new oil refinery promises to make West Africa self-sufficient in refined petroleum products, while accepting payments in local currencies. He has recently announced he will go into the steel business, with the aim of making Nigeria not only self-sufficient but also an exporter.

On June 12, Alike Dangote charged directly that the multinational oil cartel had "made repeated attempts" to prevent his refinery from being completed, and had been assisted by banks denying credit. Dangote said he had borrowed $5.5 billion (over 25% of the $19 billion project) from the Afreximbank, of which he had already paid off $2.4 billion.

Operations began in January 2024, with first output (diesel) hitting the domestic market in March and immediately cutting the price by 20%, with greater savings expected. Kerosene soon followed, with gasoline (premium motor spirit) promised in June. But in July, Reuters celebrated the success of London's redlining: Refinery output was no longer increasing, and had actually been cut. Dangote had to walk back the date he expected to produce gasoline for Nigeria to sometime in July.

## Bankers Beware

The Western financial oligarchy still uses its control of credit as its chief weapon against economic development, but Africans are putting them on notice. The African Energy Chamber is threatening to take City of London and Wall Street oligarchs to court for carrying out "financial *apartheid*" against Africa under cover of climate change.

Energy Chamber chair N.J. Ayuk told *IntelliNews* Aug. 7:

> Natural gas is treated as a fossil fuel in Africa, but it's seen as green energy in Europe. It's clear discrimination, it's outrageous, and it should not be happening. You can't have one set of standards for the European and American energy industries and another for the African energy industry. This is very unjust, hypocritical, and colonial.

He pointed to the fact that financing became immediately available for European LNG projects after the outbreak of the Ukrainian conflict, on the basis of "energy security," and the EU has defined natural gas as sustainable; but investments in this sector in Africa have been curtailed, based on so-called "environmental, social, and governance" (ESG) criteria:

> We want to end these very discriminatory lending practices towards Africa. This is financial apartheid in the name of ESG and the name of climate change. We're going to look at it as a human rights matter. We believe in the system of justice, that it will give us a fair hearing.

Ayuk said the African Energy Chamber plans to launch litigation against Western financial institutions in Western courts next year, "with the help of some of the best law firms in the world" and the support of various African states. His argument:

> There's a whole new generation of Africans that are saying, we want to have the same standards of living that Europeans have. It's important we create the opportunities and jobs right here at home, rather than Africans having to cross the Mediterranean to look for jobs in Europe.