

# President Donald Trump's Energy Policy Shift: Potential Impact On Africa's Energy Transition

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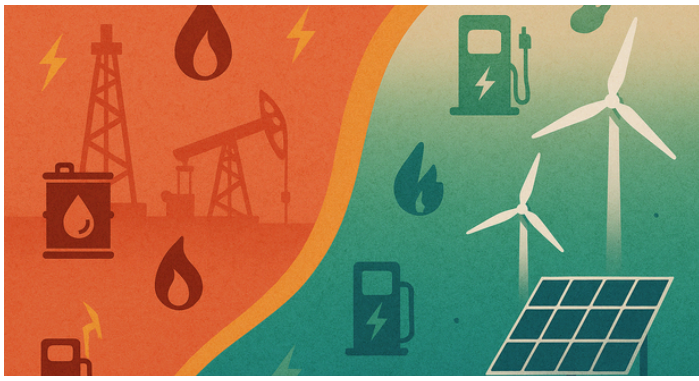
## 1. Introduction–Global Energy Transition

Energy remains central to global development, electrification, transportation, industrialization, and economic growth. Historically, nations have depended on fossil fuels such as coal, crude oil and natural gas for energy. However, mounting concerns over carbon emissions and climate change, coupled with the growing need for energy equity, access and affordability, have driven a global push for an energy transition to renewable and clean energy such as wind, solar, hydropower, and battery storage systems.

To demonstrate their commitment to incorporating renewable energy into their energy mix, achieving net-zero emissions and combating climate change, Member States of the United Nations have made several landmark achievements including the UNFCCC in 1992,

the Kyoto Protocol in 1997, the Paris Agreement in 2015, the UN Sustainability Development Goals (SDGs) in 2025, the Glasgow Pact in 2021, and the UAE COP28 in 2023, amongst others. In these climate change programs that have been agreed to over the years, there have been some ambitious climate targets and commitments, which are not on track for completion within the set timeline, assuming implementation of the plans continue at the current pace.[1]

For instance, the target of the UNFCCC (1992) is to stabilize greenhouse gases concentrations to prevent dangerous climate interference. Regrettably, global emissions have more than doubled since 1990; target not on track. Similarly, the goal of the 2015 Paris Agreement is to limit warming to well below 2°C, preferably 1.5°C, however it is predicted that the world is on track for a catastrophic 2.5–2.9°C of warming by 2100.



## 2. Trump's Energy Policy Shift: Key Announcements and Actions

The United States of America (US) has historically been a leader in clean energy development, introducing key policies to accelerate the transition such as the Inflation Reduction Act (2022) and the Infrastructure Investment and Jobs Act (also known as the Bipartisan Infrastructure Law) (2021) amongst others. However, President Donald Trump's (President Trump) inaugural address on January 20, 2025, signalled a significant shift in national policy direction, suggesting a reversal of this prior commitment to clean energy leadership. In his inaugural speech, President Trump promoted more drilling of oil and spoke about ending incentive programs supporting adoption of Electric Vehicles (EVs) and the sole development of renewable energy projects.

President Trump's withdrawal of the US from the Paris Agreement, and declaration of a National Energy Emergency has sent shockwaves globally with anticipated ripple effects on current and future energy transition and climate action strategies worldwide. Most critically, this shift raises pressing questions about its potential impact on Africa's energy sector.

## 3. Potential Impact on Africa's Energy Sector

President Trump's energy policies could have far-reaching consequences for African economies, particularly those dependent on oil exports and climate financing. These consequences include:

### a. Slowdown in investment and support for renewable energy projects:

President Donald Trump's directive to pause foreign aid in favour of an "America First" approach could halt funding for African renewable energy projects backed by U.S. led initiatives such as the Power Africa by the U.S. Agency for International Development (USAID);

U.S. African Development Foundation's (USADF) off-grid energy grants; and U.S.-Africa Clean Tech Energy Network (CTEN) etc. This disruption may significantly slow the expansion of renewable energy initiatives across the continent and spur the decline of grants and aids from other foreign countries, given the US position as a respected world leader and a key advocate in global affairs.

### b. Increased investment in the African Oil and Gas Sector:

Conversely, there could be increase investments by multinationals in the African oil and gas sector, particularly in exploration, mirroring trends observed during the first term of President Donald Trump's presidency. Some of which include the TotalEnergies investment in the Mozambique LNG project in 2019; BP's announcement of a Final Investment Decision for Phase 1 of the Greater Tortue Ahmeyim LNG development in 2018; and even the Zabazaba and Etan Integrated Development Project (Nigeria). These examples illustrate the heightened involvement of multinational corporations in Africa's oil and gas exploration during the first President Trump administration, reflecting a period of significant investment and development in the continent's.



### c. Delay in Africa's Energy Transition:

However, this renewed focus on exploration might delay the continent's transition to cleaner energy by several decades. While some may argue that Africa, contributing not more than 4% to global emissions, should be permitted to optimize its hydrocarbon resources, the continent's unique vulnerability to climate change cannot be overlooked. With widespread issues such as limited access to basic amenities, inadequate healthcare, and low technological development, Africa bears a disproportionate burden of climate change's impacts, often more so than larger, high-emission nations. The US position on fossil fuel may distract many African countries from pursuing their energy transition initiatives with the required vigour and urgency.

#### d.Lower Oil Prices from increased supply:

A sustained increase in U.S. fossil fuel production could, over time, lead to greater supply in global markets, exerting downward pressure on crude oil prices. This trend mirrors previous market shifts, such as the U.S. Shale Boom (2014–2020) and the lifting of the U.S. Crude Oil Export Ban in 2015, both of which contributed to significant price reductions. Historically, when the United States ramps up hydrocarbon (oil and gas) production, it influences global oil prices through supply-side economics. The fundamental principle remains: higher supply leads to lower prices, provided demand remains constant.

#### e.Limited Financing Options and a Shift to Alternative Sources:

With the withdrawal of the US. support for climate initiatives and foreign aid, African nations may face reduced access to critical funding for renewable energy projects. This could lead to a growing reliance on alternative financing sources, particularly from European Institutions (such as the European Investment Bank (EIB) and Green Climate Fund (GCF) and Middle Eastern sovereign wealth funds and investors), and local financing, which will open doors to more private equity and creative financing within the local space.

#### f.Geopolitical Shifts & Reduced Influence:

African nations have historically used their natural resources as bargaining chips in global negotiations. America's dominance in oil production could weaken Africa's geopolitical leverage, reducing its voice in the global energy landscape.

### **4.What Should Africa Do?**



Africa should adopt a regional-centric approach inspired by Trump's nationalist policies. Key strategies include:

#### a.Strengthening Regional Trade:

Despite the African Continental Free Trade Area (AfCFTA) launching in January 2021, trade within Africa remains minimal. Only eight countries[1] have been reported to be engaged in meaningful trade. African nations should utilize this market opportunity by trading surplus oil among themselves, supporting internal economic growth and stabilizing currencies.

#### b.Economic Diversification:

The region must diversify beyond oil, focusing on sectors such as agriculture, real estate, manufacturing, telecommunications, and financial services to build resilience against global economic shocks.

#### c.African Energy Bank:

The African Energy Bank (AEB) was established on 3 June 2024 with the aim of reducing reliance on foreign capital and promoting indigenous financing for energy projects, covering both fossil fuels and renewables. In light of recent U.S. policy developments, the AEB must be actively pursued and not relegated to a mere concept. While meeting the \$83 million capital requirement may pose challenges for some African Petroleum Producers' Organization (APPO) members, securing these funds is essential for Africa to take control of its energy future.

#### d.Creating a Self-paced Transition Roadmap:

It is crucial to acknowledge Africa's unique circumstances and the current state of its economy while crafting an indigenous energy transition plan. Initiatives like the African Carbon Markets Initiative and African Minigrids Programme should be tailored to the region's needs and vision. This approach does not advocate for delaying the transition but emphasizes careful, realistic planning. By prioritizing and completing essential energy projects step by step, Africa can present tangible, impactful solutions instead of abstract ideas that remain unimplemented.

#### e.Increased Domestic Financing for Clean Energy Projects:

As Africa pushes for a sustainable energy transition, there is a pressing need to strengthen domestic financing mechanisms for clean energy initiatives. As such, commercial banks, investment firms, and financial institutions should explore innovative financing models, such as: Green Bonds & Sustainability-Linked Bonds, Public-Private Partnerships (PPPs), Carbon Financing & Climate Funds, and even Energy-As-A-Service (EaaS) & Pay-As-You-Go (PAYG) Models etc.

#### f.Improved Macroeconomic Conditions in African Countries to Reduce Perceived Risks and Attract Investors:

Attracting investment particularly in energy and infrastructure requires strong macroeconomic fundamentals. Investors, particularly foreign direct investors (FDI) and institutional investors, assess a country's economic stability, growth potential, and risk profile before committing capital. Many African nations, despite their vast economic potential, face high perceived risks, including concerns about currency volatility, inflation, fiscal instability, and weak governance frameworks. To reduce these risks and make Africa a more attractive investment destination, governments must focus on improving key macroeconomic indicators, including inflation control, exchange rate stability, debt sustainability, and regulatory transparency.

#### g.Forward-Looking Energy Policies to Attract Local and International Collaborations:

To drive sustainable energy growth and attract local and international partnerships, African nations must adopt forward-looking energy policies that provide investment certainty, regulatory stability, tax waivers, and incentives for innovation.



## **6.Conclusion**

President Trump's policies signal a significant shift away from clean energy, favouring fossil fuel production and weakening global climate agreements. These changes pose economic and geopolitical risks for Africa but also present opportunities for strategic adaptation. Looking ahead, Africa's energy future holds significant promise, but its success will depend on the continent's ability to leverage both its abundant natural resources and emerging technologies. By strategically diversifying energy sources, fostering regional cooperation, securing alternative international and local financing avenues, investing in long-term energy transition planning and actually effecting such plans, also implementing some already-existing plans etc. Africa can accelerate its transition to a sustainable, and resilient energy system that aligns with God's divine plan for a sustainable future.

#### **Contributors**

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