

Mozambique LNG

Mozambique

Sectors: Oil and Gas Extraction

Active

This profile is actively maintained

Send [feedback](#) on this profile

Created on: [Aug 1 2018](#)

Last update: [May 23 2022](#)

Contact:

climate@banktrack.org

[Project website](#)

Sector

Oil and Gas Extraction, LNG Terminal, Pipeline Transportation of Natural Gas

Location



Status

Planning Design Agreement **Construction** Operation Closure Decommission

Website

<https://mzlng.totalenergies.co.mz/en>



This project has been identified as an [Equator Project](#)

About Mozambique LNG

The [Mozambique LNG](#) Project will involve the extraction, liquefaction and transportation of gas from the Area 1 gas fields offshore from northern Mozambique. Gas will be extracted from 20 offshore wells and transported via a 40 kilometer pipeline to an onshore liquid natural gas (LNG) facility covering an area of 17,000 acres. Here the gas will be liquified and stored in two large tanks. A pipeline will transport the LNG to tankers for export to India and other countries.

The US-headquartered Anadarko Petroleum Corporation initially was the largest shareholder in the Mozambique LNG project, with a 26.5% shareholding. In August 2019, Total bought Anadarko's 26.5% share in Mozambique LNG. The [joint venture](#) now consists of Total (26.5%), ENH Rovuma (15%), Mitsui E&P Mozambique (20%), ONGC Videsh (10%), Beas Rovuma Energy Mozambique Limit (10%), BPRL Ventures Mozambique (10%), and PTTEP Mozambique (8.5%).

The LNG facility is expected to [produce](#) 12.88 million tonnes per year of LNG in its initial phase, which can be expanded to [43 million tonnes](#).

Latest developments

TotalEnergies acquires BP's network in Mozambique

[Feb 1 2022](#)

TotalEnergies to resume Mozambique LNG project in 2022

[Feb 1 2022](#)

Why this profile?

The Mozambique LNG (Liquid Natural Gas) Project will facilitate the export of an enormous quantity of gas located in the gas fields of Area 1 of the Rovuma basin off the coast of northern Mozambique. In the process it will have serious adverse impacts on ecosystems and wildlife, will lead to the forced displacement of thousands of people, and will release millions of tonnes of greenhouse gases including methane every year. The development of new fossil fuel projects is completely at odds with the aim of the Paris Climate Agreement to limit global temperature rises to significantly below 2 degrees Celsius, aiming for 1.5 degrees.

What must happen

Banks and other financial institutions should steer clear of financing this project as it has serious negative environmental and social impacts. Financing this large infrastructure for a LNG facility will also mean a disincentive to construct and invest in renewable energies.

Impacts

Social and human rights impacts

Forced displacements [Forced displacements](#) have already taken place. People have lost both their homes, but also the areas they depend on for their livelihood. Information on what justifies their resettlement and what will happen to them in the short, medium or long term has not been given. Already, 556 families have been forcefully relocated, and 2,000 families will be moved in the near future. Fishing communities who have lived 50 meters from the sea for generations, have been moved 10 kilometers inland, and without fishing, have lost their means of income.

The method to determine compensatory land for farming families that have been moved was illogical. Anadarko measured the size of community members' land by counting the number of palm trees on the plot, leading to people who have 10 hectares of land, receiving one hectare. Furthermore, this new land is far from the new houses they have been moved to.

The project has failed to carry out mandatory community consultations and to observe due process in pre-existing land rights expropriations and community prior and fair compensations, in breach of laws according to the Centro Terra Viva Mozambique. For more information on the displacement and resettlement of particular villages see [here](#).

Militarisation Over the last two years, there has been a scourge of [violent attacks](#) on communities inhabiting the gas region. Since the attacks began there have been two cases in which a company was attacked. One in [March 2020](#) and one in [July 2020](#). As a response to the attack in March, during which one employee from a Gabriel Couto convoy was killed, the government has [brought the military](#) into the area, while gas companies have contracted several foreign private security companies. The region has thus become highly securitised, however local communities still [report](#) living under constant fear of mistreatment by the military and by private security actors rather than feeling protected from the attacks. They are afraid to walk the long distances to the new farmland they have been given for fear of both attacks and harassment from the army. [Many private security](#) companies, including the Russian paramilitary organisation, the Wagner group, have been in Cabo Delgado recently.

Health implications It is also the gas industry that brought the deadly COVID-19 virus to the Cabo Delgado province of Mozambique. A foreign Total worker tested positive at the beginning of April. Thanks to the lack of vigilance on the part of Total, its LNG construction site is now the epicentre of Mozambique's COVID-19 crisis, accounting for [two thirds](#) of Mozambique's cases. Total's infected employees are isolated on site, but cooks, cleaners, security guards and other staff are brought in from the surrounding villages daily to serve Total employees. While Total has started to test their employees, inadequate efforts have been made to test and protect the communities in the surrounding areas.

Journalists arrested and detained Many journalists working in Cabo Delgado, especially those in the gas region, have been [arrested or detained](#) without charge over the last two years, some for months. Journalist Ibrahim Abu Mbaruco, has been missing since April 7. His last message was one informing his mother that the military had arrested him, and many presume he is dead. A vocal community member, Mr Selemane of Palma, [disappeared](#) on 20 May 2020, 24 hours after speaking out against the mistreatment and heavy-handed nature of the military in the area. He is still missing at the time of writing.

Impacts of project research The seismic research related to this project [has already affected](#) local communities. Several harpoon fishermen suffered hearing injuries from the seismic guns while fishing. Many fishermen were forced to suspend their fishing activities for extended periods of time. This negatively impacted the communities' means of subsistence and, according to the local fishermen,

they were not given any compensation.

Environmental and climate impacts

Anadarko's environmental impact assessment spells out a list of [wide-ranging consequences](#): clearance of mangroves, introduction of invasive species from ballast shipping water, greenhouse gas and toxic sulfur dioxide emissions, soil erosion, and ecological losses to wetlands and the birds, reptiles and amphibians that inhabit them. Coastal seabeds would be dredged to create shipping lanes and a corridor for the 40 km-long pipeline, which scientists say could damage coral reef networks.

Impacts on climate The [environmental impact assessment](#) estimates the project's direct emissions at 12.9 million tons of CO2 per year from 2022 onwards. The proposed LNG facility will release a large amount of greenhouse gas emissions, especially methane. The assessment underestimates the impact of methane that will be released during the extraction, processing and transportation of the natural gas off the coast of Mozambique. Methane is 87 times as potent as CO2 over 20 years according to a recent [IPCC report](#). When this is taken in consideration direct emissions are [closer to 44.9 million tons](#).

Impacts on biodiversity The project puts unique ecosystems and endangered species [at great risk](#) of complete destruction. The 3,600 hectares project would be located on the northern coast of Mozambique, where mangrove forests, coral reefs and seagrass beds are important for biodiversity but remain very vulnerable habitats. The project [environmental impact statement](#) also indicates that the nearshore and offshore areas include a number of species, such as sei whales, Indian yellow nosed albatross, leatherback, and hawksbill turtles, that are considered imperiled by the International Union for Conservation of Nature.

The project also threatens the Quirimbas National Park, located in the same province (Cabo Delgado) as the project area. Quirimbas was [recently designated a UNESCO Biosphere Reserve](#), and consists of 11 islands, a combination of marine parks and a freshwater system including the Montepuez river and Lake Bilibiza, a bird sanctuary. The islands are home to thousands of species of flora, hundreds of bird species, a variety of reptiles, and nearly fifty species of land mammals including elephants, lions, buffalos, and leopards, while their waters are habitat for eight species of marine mammals.

Impacts of project research The seismic survey (ordered by Anadarko) has been [criticized by environmental organisations](#) for its damaging effects on marine animals and financial losses of local fishermen. Many issues have already been reported including as the death of large numbers of shallow-water bottom-feeding sea-grass fish, shellfish and turtles.

Governance

Bank policies

The following bank investment policies apply to this project:

Société Générale

Environmental and social general guidelines for business engagement

Sep 1 2014 | Société Générale

Climate strategy

Oct 28 2020 | Société Générale

Societe Generale reinforces its commitments to climate

Nov 2 2021

Oil & gas sector policy

Jan 31 2022 | Société Générale

Applicable norms and standards

Equator Principles

Global Reporting Initiative

IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement

Brief history

Anadarko signed [the exploration contract](#) with the government of Mozambique in 2007. Following several years of exploration, in 2012 a major natural gas discovery was made in Area 1 of the Rovuma basin offshore North Mozambique. In the same year Anadarko and Eni reached an Agreement for the coordinated development of Area 1 and Area 4.

In 2015 Anadarko announced the selection of a consortium consisting of CB&I, Chiyoda Corporation and Saipem (CCS JV) for the initial development of the onshore LNG facility. The resettlement plan for the project area was formally approved in 2016 and the development plan for Golfinho-Atum was approved in 2018.

Several purchase agreements for the gas extracted from Area 1 have already been signed. In 2017, the Thai state-owned PTT group, formerly known as the Petroleum Authority of Thailand, [signed an agreement](#) to buy 2.6 million tonnes of gas per year. In 2018, Électricité de France signed an agreement with Mozambique LNG, as did [Tokyo Gas Co and Centrica LNG Co](#), a co-purchase also for 2.6 million tonnes of gas a year.

The EIA report was [approved](#) by the Ministry of Coordination of Environmental Affairs (MICOA) in June 2014 and the Ministry of Land and Environment, MTA, issued the project environmental licenses in 2018, following the approval of the Resettlement Plan.

[Final investment decision](#) was reached in June 2019.

According to the International Group of Liquefied Natural Gas Importers' 2020 [Annual Report and the International Gas Union's 2020 Report](#) published in March 2020, construction has commenced on two trains.

Updates

TotalEnergies acquires BP's network in Mozambique

Feb 1 2022

TotalEnergies announced on February 1 that it has reached an agreement with BP to acquire a range of oil assets held by the British company. TotalEnergies will benefit from a [new network of 26 service stations](#), reinforcing the companies' position as the main retailer of petroleum products in the country. TotalEnergies's CEO stated: "This agreement reflects TotalEnergies' willingness to pursue its investments in Mozambique's energy sector".

TotalEnergies to resume Mozambique LNG project in 2022

Feb 1 2022

TotalEnergies' CEO declared at the beginning of February 2022 that he wants Mozambique LNG to be [back on track this year](#), although stating later on that he does not know when the project will be [able to restart](#) as many security issues remain vivid. Mozambique LNG has been on hold after a year break related to the presence of terrorist groups. CEO words differ from the initial plan to produce the first LNG in 2025 and the full production to take off in 2026 as a consequence of the unstable situation. However, the presence of terrorist groups is still very strong and there is [no sign of significant improvement](#) towards peace in the region.

TotalEnergies Mozambique LNG project may resume within 18 months

Aug 27 2021

According to the president of the African Development Bank (AfDB), the Mozambique LNG [could be back on track](#) within the next 18 months. Troops from Rwanda and members states from the Southern African Development Community (SADC) have been deployed to support Mozambican forces to help put down the insurgency. TotalEnergies declined to comment.

Total declares force majeure on Mozambique LNG after insurgent attacks

Apr 26 2021

Total initially only suspended work on March 27 but [declared force majeure](#) after Islamic State-linked insurgent attacks in the town of Palma during which dozens of civilians were killed. The company has confirmed it has withdrawn all its staff from the project sites.

Total and Mozambique sign security pact for \$20 billion natural gas project

Aug 24 2020

French oil major Total has [signed a security pact](#) with the Mozambique government to protect a \$20 billion natural gas (LNG) project being developed in the southern African country, the company said on Monday. According to Ernesto Elias Tonela, minister of mineral resources and energy, the pact "bolsters security measures and endeavours to create a safe operating environment for partners like Total which enables their ongoing investment in Mozambican industry."

Marine construction works to begin for Mozambique LNG

Jul 16 2020

Belgium's Besix Group, in partnership with Portugal's Mota-Engil SA, will [start constructing](#) the marine facilities for the Mozambique LNG gas development project this year, including one of the world's longest jetty structures

Mozambique LNG secures \$2.25B from host government

Jun 24 2020

Total-led liquefied natural gas project, Mozambique LNG, has [reportedly](#) been offered a five-year, \$2.25 billion funding guarantee from the Mozambican government.

Total secures a USD 15 billion loan for the Mozambique LNG project

May 20 2020

The Mozambique LNG project will receive [commitments](#) from a group of 20 banks for about \$15 billion of financing at a signing scheduled in June. The group of about 20 banks involved in the lending includes Rand Merchant Bank, Standard Bank Group Ltd. and Societe Generale SA, which is acting as the financial adviser.

Total has acquired Anadarko's 26.5% interest in Mozambique LNG

Sep 30 2019

Total has closed the acquisition of Anadarko's 26.5% operated interest in the Mozambique LNG project for a purchase price of \$ 3.9 billion. This closing comes after Total reached a binding agreement with Occidental on May 3, 2019, to acquire Anadarko's assets in Africa (Mozambique, Algeria, Ghana and South Africa) and signed the subsequent Purchase and Sale Agreement on August 3, 2019 ([worldoil.com](#)).

Mozambique LNG project reaches Final Investment Decision

Jun 18 2019

Anadarko Petroleum Corporation and the co-venturers in Mozambique's Offshore Area 1, announced a Final Investment Decision (FID) on the Anadarko-led Area 1 Mozambique LNG project ([prnewswire.com](#)).

Financiers

The project is expected to [cost](#) USD 23 billion, with the debt portion to be funded via project finance (according to [Anadarko's 2017 annual report](#)). Société Générale is the [financial advisor](#) on the project.

Anadarko [announced](#) that a final investment decision (FID) on the project had been reached on June 19, 2019.

In May 2020, after taking over Anadarko's share in Mozambique LNG [Total announced](#) it had secured USD 15 billion in financing.

Banks		
Absa Bank Limited South Africa profile Details ▼		
Debt – project finance	USD 300 million	October 2020 - 30 June 2038
Financed USD 300 million loan <i>source</i> : IJGlobal data, January 2021		
Crédit Agricole France profile Details ▼		
Debt – project finance	USD 300 million	October 2020 - 30 June 2038
Financed USD 300 million loan <i>source</i> : IJGlobal data, January 2021		
Export-Import Bank of Thailand Details ▼		
Debt – project finance	USD 150 million	1 October 2020 - 30 June 2038
Provided a USD 150 million loan <i>source</i> : IJGlobal data, April 2021		
Industrial and Commercial Bank of China (ICBC) China profile Details ▼		
Debt – project finance	USD 300 million	October 2020 - 30 June 2036
Financed USD 300 million loan <i>source</i> : IJGlobal data, January 2021		
JPMorgan Chase United States profile Details ▼		
Debt – project finance	USD 340 million	October 2020 - 30 June 2038
Financed USD 340 million loan <i>source</i> : IJGlobal data, January 2021		
Mitsubishi UFJ Financial Group (MUFG) Japan profile Details ▼		
Debt – project finance	USD 500 million	October 2020 - 30 June 2038
Financed USD 500 million loan <i>source</i> : IJGlobal data, January 2021		
Mizuho Japan profile Details ▼		
Debt – project finance	USD 870 million	October 2020 - 30 June 2038
Financed USD 870 million loan <i>source</i> : IJGlobal data, January 2021		
Nedbank Group South Africa profile Details ▼		
Debt – project finance	USD 150 million	October 2020 - 30 June 2038
Financed USD 150 million loan <i>source</i> : IJGlobal data, January 2021		
Rand Merchant Bank South Africa profile Details ▼		
Debt – project finance	USD 100 million	October 2020 - 30 June 2038
Financed USD 100 million loan <i>source</i> : IJGlobal data, January 2021		
Shinsei Bank Japan profile Details ▼		

Debt – project finance	USD 50 million	October 2020 - 30 June 2038
Financed USD 50 million loan <i>source: IJGlobal data, January 2021</i>		
Société Générale France profile Details ▼		
Debt – project finance	USD 500 million	October 2020 - 30 June 2038
Provided a USD 500 million loan <i>source: IJGlobal data, January 2021</i>		
Advisor <i>source: Reuters, May 2018 and IJGlobal data, April 2021</i> link		
Standard Bank South Africa profile Details ▼		
Debt – project finance	USD 485 million	June 2020
Contributed USD 485 million loan from a co-financed USD 15 billion loan. Also plays several other roles. <i>source: Standard Bank</i> link		
Standard Chartered United Kingdom profile Details ▼		
Debt – project finance	USD 500 million	October 2020 - 30 June 2038
Financed USD 500 million loan <i>source: IJGlobal data, January 2021</i>		
Sumitomo Mitsui Banking Corporation (SMBC) Japan profile Details ▼		
Debt – project finance	USD 570 million	October 2020 - 30 June 2038
Financed USD 570 million loan <i>source: IJGlobal data, January 2021</i>		
Sumitomo Mitsui Trust Holdings Japan profile Details ▼		
Debt – project finance	USD 200 million	October 2020 - 30 June 2038
Financed USD 200 million loan <i>source: IJGlobal data, January 2021</i>		
Export credit agencies		
Atradius NV Details ▼		
Debt – project finance	USD 640 million	1 October 2020 - 30 June 2038
Covering a syndicated USD 640 million loan <i>source: IJGlobal data, April 2021</i>		
Export Credit Insurance Corporation of South Africa (ECIC) Details ▼		
Debt – project finance	USD 800 million	1 October 2020 - 30 June 2038
Covering a syndicated USD 800 million loan provided by five African banks <i>source: IJGlobal Data, April 2021</i>		
Export-Import Bank of the United States (Ex-Im Bank) United States profile Details ▼		

Debt – project finance USD 4.7 billion 1 October 2020 - 30 June 2038

EXIM provided a loan of USD 4.7 billion for U.S. exports of goods and services for the engineering, procurement, and construction of the onshore LNG plant and related facilities.

source: Export-Import Bank of the United States and IJGlobal Data, April 2021

[link](#)

Italian Export Credit Agency (SACE)

[Details ▼](#)

Debt – project finance USD 950 million 1 October 2020 - 30 June 2038

Covering a syndicated USD 950 million loan.

source: IJGlobal data, April 2021

Japan Bank for International Cooperation (JBIC)

[Details ▼](#)

Debt – project finance USD 3 billion 1 October 2020 - 30 June 2038

Provided a USD 3 billion loan

source: IJGlobal data, April 2021

Nippon Export and Investment Insurance (NEXI)

[Details ▼](#)

Debt – project finance USD 2 billion 1 October 2020 - 30 June 2038

Covering a syndicated USD 2 billion loan

source: Nexi and IJGlobal data, April 2021

[link](#)

UK Export Finance United Kingdom [profile](#)

[Details ▼](#)

Debt – project finance USD 1 billion 1 October 2020 - 30 June 2038

UK Export Finance financed USD 300 million in direct loans to Mozambique LNG, with another USD 700 million in guarantees for commercial banks

source: IJGlobal data, April 2021

Insurance companies

Nippon Life Insurance

[Details ▼](#)

Debt – project finance USD 150 million October 2020 - 30 June 2038

Financed USD 150 million loan

source: IJGlobal data, January 2021

Multilateral development banks

African Development Bank

[Details ▼](#)

Debt – project finance USD 400 million 15 July 2020

USD 400 million loan

source: African Development Bank

[link](#)

Development bank of Southern Africa

[Details ▼](#)

Debt – project finance USD 120 million 1 October 2020 - 30 June 2038

Provided USD 120 million in loans

source: IJGlobal data, April 2021

Related companies

Mozambique LNG is a [joint venture](#) of seven companies, as listed below.

Project sponsor

TotalEnergies France [show profile](#)

Oil and Gas Extraction | Gas Electric Power Generation | Pipeline Transportation of Crude Oil | Pipeline Transportation of Natural Gas

26.5% ownership