

Nigeria LNG Nigeria

Sectors: LNG Terminal

Active

This profile is actively maintained
Send [feedback](#) on this profile

By: BankTrack


Created on: **Nov 9 2021**

Last update: **Dec 10 2021**

Contact:

climate@banktrack.org

[Project website](#)

Sectors	LNG Terminal
Location	
Status	Planning Design Agreement Construction Operation Closure Decommission

About Nigeria LNG

[Nigeria LNG Limited](#) is a liquefied natural gas (LNG) terminal in operation since 1999, located on 2.27 square kilometers of largely reclaimed land in Finima, Bonny Island in the Niger Delta. It consists of six trains (processing units) which together are able to produce 22 million tonnes per annum (mtpa) of LNG, [about 6 percent](#) of global LNG trade. The project is a [joint venture](#) by Nigerian National Petroleum Corporation (NNPC), Shell Gas B.V., TotalEnergies, and Eni International. The construction of Train 7 [started in June 2021](#), and will increase the total production capacity to 30mtpa.

Why this profile?

For over 20 years the project has proven to be harmful to local communities. Its expansion would further damage livelihoods and the local environment, increasing pollution and damaging important ecosystems.

What must happen

After 20 years, the relocated population must [receive their promised compensation](#). The expansion of the complex should be cancelled to avoid further increases in [pollution](#), damage to local livelihoods and deforestation. The SMBC Group and Guaranty Trust Bank of Nigeria should decline their roles as project finance advisors and involved banks should not finance the further expansion.

Impacts

Social and human rights impacts

Displacement and loss of livelihoods: When construction started in 1991, the communities of Bonny Island were [relocated](#) from 'Old Finima Community' to 'New Finima Community', a reclaimed mangrove area. The relocation area is not suitable for community members' traditional occupations such as fishing, hunting, farming, carving and weaving, meaning many people lost their main source of income. Community members were intimidated during the process and relocation often occurred with the use of a military task force. In addition, Indigenous communities were forced to leave their ancestral lands, causing [cultural trauma](#).

Lack of compensation: Promises made by the company on lease agreements and compensation were [not fulfilled](#). In addition, affected people have not received due compensation from the government. Although the Land Use Act of 1978 allows the government to compulsorily acquire land where there is an overriding public interest, compensation must be paid. After 20 years, communities claim [they still have not received](#) the promised compensation. The government [has not provided adequate compensation](#) to locals for the loss of economic and livelihood opportunities, stating that it could not honour its commitments due to pending court cases involving Finima and the Bonny Kingdom regarding the same compensation.

Social inequality: [According to civil society organisations based in Africa](#), the [introduction](#) of fossil fuel companies to Bonny Island has increased the social inequality in the region and did not bring the expected benefits to locals. Island inhabitants were highly dependent on traditional occupations which have been damaged due to displacement and the impacts of pollution on the land and biodiversity. Except for some menial jobs, most of the workers at the Nigeria LNG plant have come from other regions. In the [ESHIA](#) (Environmental, Social and Health Impact Assessment) for Train 7 the company emphasizes that the project will create employment and skill acquisition opportunities for Nigerians and local communities, however these will only be temporary. The ESHIA states that after construction of the project has ended, the area will be left to deal "with environmental and human impacts from increased urbanisation and rural land abandonment" and "the driving forces for the socio-economic boom will cease".

Social unrest: Opposition from communities has been fierce from the start and [protests still occasionally take place](#). The [latest protest](#) took place in June 2021 ahead of the so-called 'groundbreaking ceremony' of Train 7. The people of the Finima community protested due to them [being disregarded as the host community](#) of the LNG plant and the protest even led to a short term closure of the facility. A lot of these protests, like the one on Bonny Island in [September 1999](#), have been violently put down and many protesters have been [arrested and detained](#). The [use of force and the military presence](#) in the region are not easing an already tense situation.

Health impacts due to pollution: Pollution caused by the project has a tremendous impact on the health of people in the region, with gas flaring being linked to kidney problems, cancer, lung damage, neurological and reproductive problems among pregnant women and infants. With the arrival of the fossil fuels industry to the area, the average [life expectancy has decreased](#).

Gender impacts: With a loss of livelihoods, some women and girls have resorted to sex work to survive. [According to the communities](#) on Bonny Island, prostitution was a taboo before the advent of oil and gas projects. It is currently challenging the community's social and cultural norms. Poverty directly caused by the project is forcing young girls to drop out of school. Consequently, an increase in teen pregnancies and STDs is [observed](#).

Environmental and climate impacts

Air pollution and climate change: Africa is [vulnerable](#) to the impacts of climate change. Prolonged droughts, floods and other harmful weather events are affecting the livelihood of millions of people across the continent. The support and expansion of fossil fuels poses serious economic debt risks and does not align with the [Paris Agreement goals](#).

With regards to NLNG Train 7 project expansion, further increase in air emissions on Bonny Island would keep on reducing the air quality. Even though the [ESHIA](#) for the Train 7 project claims it will improve energy efficiency, the overall greenhouse gas emissions of NLNG will increase. Furthermore, the elimination of around 31 hectares of forest and swamp habitats for the construction of New Worker Village would reduce natural carbon absorption.

Impacts on ecologically vulnerable area: The [Nigeria LNG is located](#) in the Niger Delta, the largest wetland in Africa and the second largest in the world. Due to the expansion of the oil and gas industry in the region, [2.27 square kilometers](#) of land, consisting mostly of swamp and low-lying rainforest, has been reclaimed. The natural areas have been lost along with their biodiversity as the land has been reallocated for industry and related infrastructure. (Source: [ESHIA](#)) This has created ecological risks by destroying breeding grounds for marine species. The already dire environmental situation after the construction of the existing processing plants will worsen with the construction of Train 7.

As part of the new project, up to 0.31 km² additional land needs to be cleared in order to build a workers village. The land demarcated for this village consists of swamps and one of the country's most extensive forest zones. Clearing this land will add to the already high rate of deforestation and will seriously affect the biodiversity in the area. Canalization and an increase in shipping activities for the operation of the gas plant will lead to an influx of seawater, further threatening the forest.

Governance

Bank policies

The following bank investment policies apply to this project:

Sumitomo Mitsui Banking Corporation (SMBC)

Management of environmental risks

Date listed represents date as accessed on website

Jan 14 2021 | Sumitomo Mitsui Financial Group

BNP Paribas

Commitments to the environment

Oct 17 2017 | BNP Paribas

Société Générale

Environmental and social general guidelines for business engagement

Sep 1 2014 | Société Générale

Climate strategy

Oct 28 2020 | Société Générale

Deutsche Bank

Human Rights Statement

Mar 24 2016 | Deutsche Bank

Climate statement

Aug 12 2020 | Deutsche Bank

Bank of China

Corporate Social Responsibility Policy

May 3 2018 | Bank of China Hong Kong

Environmental policy

Apr 1 2019 | Bank of China Hong Kong

Banco Santander

General sustainability policy

Sep 7 2020 | Banco Santander

Human rights policy

Jul 20 2020 | Banco Santander

Environmental, social and climate risk policy

Mar 4 2021 | Banco Santander

Absa Group

Sustainability policy

Apr 16 2020 | Absa Group

Access Bank

Environmental and social risk management

(page 18 of Risk Management document)

Sep 16 2020 | Access Bank

DZ Bank

Sustainable lending policy

Mar 15 2021 | DZ Bank

Climate strategy

Date listed represents date as accessed on website

Jan 24 2022 | DZ Bank

Human rights policy

Date listed represents date as accessed on website

Jan 24 2022 | DZ Bank

KfW

Sustainability guidelines of KfW Bankengruppe

Oct 2 2012 | KfW Bankengruppe

Sustainability Guideline

Evaluation of Environmental, Social, and Climate Aspects: Principles and Process

Apr 1 2014 | KfW Development Bank

Citi

Energy & Power Sector Framework

Dec 31 2017 | Citi

Statement on human rights

Nov 22 2018 | Citi

Applicable norms and standards

Equator Principles

IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts

IFC Performance Standard 3: Resource Efficiency and Pollution Prevention

IFC Performance Standard 4: Community Health, Safety, and Security

IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement

IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

Other applicable regulations

Land Use Act of 1978, Nigeria

Brief history

The LNG [terminal construction started](#) in February 1996. On August 12, 1999, Train 2 was completed. The production of LNG from Train 2 started on September 15, 1999. Train 1 began its operation in 2000. The second phase of development started with a financial investment decision (FID) in February 1999 to develop Train 3 and the Plant's additional facilities. This phase came into operation in

November 2002.

The next phase of development, “[NLNGPlus Project](#)”, included the addition of Trains 4 and 5, in November 2005 and February 2006 respectively. In 2004, the FID was agreed for the NLNGSix Project, which saw the development of Train 6 and additional facilities that started operating in December 2007.

In [2018](#), Guaranty Trust Bank of Nigeria and Sumitomo Mitsui Banking Corp (SMBC) were appointed as financial advisers for the Nigeria LNG terminal Train 7 project. In August 2019 an [ESHA](#) (Environmental, Social And Health Impact Assessment) for Train 7 was released. At the end of 2019, NLNG’s Shareholders made the FID and on 13th May 2020 awarded the Engineering, Procurement and Construction (EPC) Contracts for the Project to SCD JV Consortium, composed of affiliates of Saipem, Chiyoda and Daewoo.

Updates

Financiers

Nigeria LNG is an Incorporated Joint Venture owned by the Nigerian National Petroleum Corporation (NNPC) (49%), Shell Gas B.V. (25.6%), TotalEnergies Gaz & Electricité Holdings (15%), and Eni International N.A. N.V. S.à.r.l (10.4%).

The Train 7 expansion project reached a financial close in May 2020 for a total amount of US\$ 2.77 billion.

The project is supported by three ECAs (export credit agencies) for a total of US\$ 2.77 billion. SACE (Italy), K-SURE (South Korea) and KEXIM (Korea Export-Import Bank) offered guarantees for the loans provided by commercial banks to increase the NLNG plant’s capacity to 30 million tonnes per year.

Banks

[Absa Bank Limited](#) South Africa [profile](#)

[Details](#) ▼

Debt – corporate loan USD 87 million May 2020

Absa Bank Limited participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).

source: IJ Global Nov 2021

[Access Bank](#) Nigeria [profile](#)

[Details](#) ▼

Debt – corporate loan USD 87 million May 2020

Access Bank participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).

source: IJ Global Nov 2021

[BNP Paribas](#) France [profile](#)

[Details](#) ▼

Debt – corporate loan USD 87 million May 2020

BNP Paribas participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).

source: IJ Global Nov 2021

[Bank of China](#) China [profile](#)

[Details](#) ▼

Debt – corporate loan USD 87 million May 2020

Bank of China participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

Citi United States [profile](#)

[Details](#) ▼

Debt – corporate loan USD 87 million May 2020

Citi participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

DZ Bank Germany [profile](#)

[Details](#) ▼

Debt – corporate loan USD 87 million May 2020

DZ Bank participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

Deutsche Bank Germany [profile](#)

[Details](#) ▼

Debt – corporate loan USD 87 million May 2020

Deutsche Bank participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

First Bank of Nigeria

[Details](#) ▼

Debt – corporate loan USD 87 million May 2020

First Bank of Nigeria participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

First City Monument Bank

[Details](#) ▼

Debt – corporate loan USD 87 million May 2020

First City Monument Bank participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

Guaranty Trust Bank of Nigeria

[Details](#) ▼

Debt – corporate loan USD 87 million May 2020

Guaranty Trust Bank of Nigeria was appointed as financial advisor for the project. It participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

KfW Germany [profile](#)

[Details](#) ▼

Debt – corporate loan USD 87 million May 2020

KfW participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).

source: IJ Global Nov 2021

Lehman Brothers

[Details ▼](#)

Advisor

Lehman Brothers was appointed as financial advisors for the project.

Natixis France [profile](#)

[Details ▼](#)

Debt – corporate loan USD 87 million May 2020

Natixis participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).

source: IJ Global Nov 2021

PT. Bank ICBC Indonesia United States [profile](#)

[Details ▼](#)

Debt – corporate loan USD 87 million May 2020

PT. Bank ICBC Indonesia participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).

source: IJ Global Nov 2021

Santander Spain [profile](#)

[Details ▼](#)

Debt – corporate loan USD 87 million May 2020

Santander participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).

source: IJ Global Nov 2021

Société Générale France [profile](#)

[Details ▼](#)

Debt – corporate loan USD 87 million May 2020

Société Générale participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).

source: IJ Global Nov 2021

Stanbic Bank

[Details ▼](#)

Debt – corporate loan USD 87 million May 2020

Stanbic Bank participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).

source: IJ Global Nov 2021

Standard Chartered United Kingdom [profile](#)

[Details ▼](#)

Debt – corporate loan USD 87 million May 2020

Standard Chartered participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).

source: IJ Global Nov 2021

Sumitomo Mitsui Banking Corporation (SMBC) Japan [profile](#)

[Details ▼](#)

Debt – corporate loan

USD 87 million

May 2020

Sumitomo Mitsui Banking Corporation was appointed as financial advisor for the project. It participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. Sumitomo Mitsui Banking Corporation contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

[UBI Banca](#)

[Details ▼](#)

Debt – corporate loan

USD 87 million

May 2020

UBI Banca participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

[Union Bank of Nigeria](#)

[Details ▼](#)

Debt – corporate loan

USD 87 million

May 2020

Union Bank of Nigeria participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

[United Bank for Africa](#)

[Details ▼](#)

Debt – corporate loan

USD 87 million

May 2020

United Bank for Africa participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

[Zenith Bank](#)

[Details ▼](#)

Debt – corporate loan

USD 87 million

May 2020

Zenith Bank participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

All

[First Securities Discount House](#)

[Details ▼](#)

Debt – corporate loan

USD 87 million

May 2020

First Securities Discount House participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

Investment banks

[Cassa Depositi e Prestiti](#)

[Details ▼](#)

Debt – corporate loan

USD 87 million

May 2020

Cassa Depositi e Prestiti participated in corporate loans through export credit agencies in the form of debt packages that were signed to finance the expansion project. It contributed to large corporate loan financing of SACE-Covered Facility (USD 27.78m), KSURE-Covered Facility (USD 13.89m), KEXIM-Covered Facility (USD 13.89m) and Commercial Facility (USD 31.67m).
source: IJ Global Nov 2021

Related companies