

## Summary

### Financial institutions' involvement in the Mozambique LNG project

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### How was the project financed?

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[Total announced](#) the signing of Mozambique LNG **project financing in July 2020, for a total of 14.9 billion dollars**, the biggest ever in Africa. The company also confirmed that Mozambique LNG represents a total investment of 20 billion dollars.

**28 financial institutions (FIs) took part in this project financing** to Total's Mozambique LNG project. They include 15 commercial banks which provided loans, and 13 public financial institutions – including the export credit agencies (ECAs) of 8 different countries – which provided loans and/or export credit guarantees. See here the list of participating FIs, and in the table below the details of their role in the transaction.

- **Public financial institutions:** Export Import Bank of the United States (US EXIM); Japan Bank for International Cooperation (JBIC); UK Export Finance (UKEF); Export-Import Bank of Thailand (Thai Exim); Servizi Assicurativi del Commercio Estero (SACE); Nippon Export and Investment Insurance (NEXI); Export Credit Insurance Corporation of South Africa (ECIC); Atradius Dutch State Business (ADSB); Cassa Depositi e Prestiti; African Development Bank (AfDB); African Export Import Bank; Development Bank of Southern Africa; Industrial Development Corporation of South Africa.

- **Private financial institutions:** Société Générale; Crédit Agricole; Mizuho Bank; JPMorgan; Standard Chartered Bank; MUFG Bank; Sumitomo Mitsui Banking Corporation (SMBC); Sumitomo Mitsui Trust Holdings; Shinsei Bank; Nippon Life Insurance; ABSA Bank; Nedbank; Rand Merchant Bank; Standard Bank; Industrial and Commercial Bank of China (ICBC).

**Two South Korean public financial institutions** also took part in the project [by supporting Daewoo E&C](#), a Korean company involved in the construction of the onshore LNG plant for the Mozambique LNG project: Export-Import Bank of Korea (KEXIM); Korea Development Bank (KDB). See also in the table below the details of their involvement.

## What is the current situation?

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With the [force majeure declared in April 2021](#) by Total and the suspension of the project, the loans were also suspended. After almost three years of suspension of the project, Total announced its goal to lift the *force majeure* and **expects its financial partners to shortly reaffirm their commitment to the restart of the project**. On February 7, 2024, [Total's CEO Patrick Pouyanné stated](#) that *"there is a large project financing, which was put on hold when the events came in 2021, so now we are reactivating with all these financial institutions around the world this project financing, and when all that will be done, we will start again the project"*. Moreover, a funding source [quoted on December 22 by Reuters](#) stated that "TotalEnergies has asked funders to get approval for the restart of the Mozambique LNG project in the first quarter of 2024". On January 22, [Africa Intelligence reported](#) that Total was facing reservations from its financial backers: *"Pouyanné has been particularly concerned in recent weeks about the financial aspects of the project. Several banks previously firmly committed to financing Mozambique LNG are now expressing reservations, sources say. One is Dutch lender Atradius, which a few days ago was asking for additional guarantees on security aspects. A Korean bank is also considering abandoning the Mozambique gas project."* – see below for more details on Atradius.

The moment is thus critical for the financial institutions involved in the project. **The *force majeure* provides them with an opportunity to reconsider their involvement in a project** that has been disastrous even before it has completed construction, and in which Total proved to be completely untrustworthy – see details in the letter below. While civil society has been warning for years about the human rights violations and the environmental impacts associated with Mozambique LNG, and while the humanitarian and security situation remains dramatic on the ground, NGOs call on the financial institutions not to remain complicit in Mozambique LNG and to immediately withdraw from the project.

## What should they do?

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In November 2023, [a coalition of 124 civil society organizations from Mozambique and across the world wrote to most of these FIs](#) to warn them about the severe impacts of the projects and to urge them to withdraw from Mozambique LNG. With this letter they set out the reasons why such a withdrawal is necessary, including the continuation of insurgent attacks and the failure of the Mozambican government and TotalEnergies to tackle the drivers of the conflict; the ongoing human rights violations as a result of these attacks and of the relocation of families to make way for the project; a concerning lack of benefits from the project for the Mozambican population; and irreversible climate and environmental impacts.

In this letter, they call on FIs to:

- undertake a truly comprehensive and independent reassessment of the project as a prerequisite to any decision, including ensuring meaningful community and civil society participation;
- stop their contribution to these human rights violations and the climate crisis by canceling their support for Mozambique LNG;
- publicly rule out support for the other gas projects in Mozambique, namely Rovuma LNG and Coral North FLNG.

Out of the 26 FIs that received the letter, 14 provided an answer, with none agreeing as of now to withdraw their support to the project or to undertake a comprehensive reassessment of the project. As for those who replied, while some institutions appeal to client-bank confidentiality or the inability to comment on individual cases, others refer to their ESG policies, without commenting on the human rights violations, the economic injustice or the climate risk associated with the project.

## Highlighting several financial institutions

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- **Société Générale and Crédit Agricole, French banks:** Crédit Agricole and Société Générale [participated in 2020 in the financing of Mozambique LNG](#), while their two main French competitors BNP Paribas and the BPCE group as well as the French ECA decided to keep away from the project. Société Générale even played a crucial role in making this transaction happen, as the financial advisor to Total for the project. In September 2023 – three years after this deal and more than two years after the declaration of the force majeure –, [Société Générale announced](#) the end of new support to LNG projects related to new gas fields, such as Mozambique LNG. It means that the bank recognizes the risks associated with this industry and should all the more step out of the project. However it remains to be seen whether Société Générale will respect the spirit of its new policy, as Société Générale has to date not shown any sign of a withdrawal. On the other hand, in December 2023 Crédit Agricole published [a new oil and gas policy](#) that excluded project financing to new gas fields but not to new gas infrastructures – until then, the policy only covered new oil fields. While it is a financier of Mozambique LNG but also still advising Eni and ExxonMobil on the

development of the neighboring Rovuma LNG project, no commitment has been made to stop financing this type of project in the future.

- **Atradius, Dutch ECA:** Despite many warnings by Dutch and Mozambican NGOs and multiple rounds of critical parliamentary questions, Dutch export credit agency ADSB provided export credit support for the Mozambique LNG project, for almost 1 billion dollars on 25 March 2021. This amount includes support for Dutch dredger company Van Oord to engage in the Mozambique LNG project. The support was made official during the days that the extremely violent insurgency took place in Palma. Within a month of the release of the Dutch ECA support, Total declared force majeure, in April 2021. This led to further critical inquiries by Dutch Members of Parliament (MPs), resulting in the Dutch Parliament requesting an independent investigation into the financial commitments of ADSB in relation to the Mozambique LNG project, particularly in relation to the safety and security situation. [This report](#) was released by Proximities mid-2023 and pointed to serious flaws in ADSB's assessment process. The evaluation points to issues such as: lack of expertise to assess the security situation; lack of mandate; and issues around conflict of interest. It also flagged that the critical input of civil society as well as the Dutch embassy in Maputo had not been taken seriously enough in the assessment process. In November 2023, the Parliament, upon hearing from a Mozambican delegation visiting the Netherlands, passed a motion requesting that any reassessment of the Dutch ECA support required sharing with Parliament and required debate, before any decision can be made.
- **US EXIM, US ECA:** Freedom of Information Act documents revealed that the US Export-Import Bank (EXIM) [was warned](#) of the risks before approving its loan for the gas development in northern Mozambique, but ignored those risks. EXIM has approved 4.7 billion dollars in support for Mozambique LNG – one of the largest loans in EXIM history. Meanwhile, the US International Development Finance Corporation (DFC), the US development finance institution, has approved 1.5 billion dollars in political risk insurance. As of November 2023, the head of EXIM, Reta Jo Lewis, stated that EXIM [was reviewing](#) the previously approved financing and that the project was currently undergoing due diligence.
- **SACE, Italian ECA:** SACE is the Italian export credit agency owned by the Ministry of Economy and Finance. Between 2016 and 2022, SACE issued guarantees on loans for oil and gas projects totalling EUR 15.1 billion, [making it the main public financier of fossil fuels in Europe and sixth globally](#). Among these projects there are two in Mozambique: Total's Mozambique LNG – USD 950 million – and Eni's Coral South FLNG – USD 700 million. In a landmark decision that already became case-law, [Italy's Supreme Administrative Court published Sentence No. 2635/2023](#), recognising Italian CSO ReCommon's right to have access to SACE's environmental and social due diligence for issuing the guarantee on loans for Mozambique LNG. To date SACE has refused to implement the Supreme Administrative Court's decision.

Types of financial	Financial institutions	Amount of support	Type of
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institutions		(million USD)	support
Export Credit Agencies	Export Import Bank of the United States (US EXIM)	4,700	Loan
	Japan Bank for International Cooperation (JBIC)	3,000	Loan
	UK Export Finance (UKEF)	300	Loan
		700	Debt coverage
	Export-Import Bank of Thailand (Thai Exim)	150	Loan
	Servizi Assicurativi del Commercio Estero (SACE)	950	Debt coverage
	Nippon Export and Investment Insurance (NEXI)	2,000	Debt coverage
	Export Credit Insurance Corporation of South Africa (ECIC)	800	Debt coverage
	Atradius DSB (ADSB)	1,000	Debt coverage
	Export-Import Bank of Korea (KEXIM)	500	Loan
State lender	Cassa Depositi e Prestiti	650	Loan
Multilateral	African Development Bank (AfDB)	400	Loan
	African Export Import Bank	120	Loan
Development banks	Development Bank of Southern Africa	120	Loan
	Industrial Development Corporation of South Africa	150	Loan
	US International Development Finance Corporation (DFC)	1,500	Insurance
	Korea Development Bank	15	Debt coverage
Commercial banks	Societe Generale	500	Loan
		Financial advisor to Total	
	Mizuho Bank	867.5	Loan

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	Credit Agricole	300	Loan
	JP Morgan	340	Loan
	Standard Chartered Bank	500	Loan
	MUFG Bank	500	Loan
	Sumitomo Mitsui Banking Corporation	570	Loan
	Sumitomo Mitsui Trust Holdings	200	Loan
	Shinsei Bank	50	Loan
	Nippon Life Insurance	150	Loan
	ABSA Bank	300	Loan
	Nedbank	150	Loan
	Rand Merchant Bank/FirstRand	100	Loan
	Standard Bank	485	Loan
	ICBC	300	Loan

Main source: IJGlobal, Area A Mozambique LNG. Seen on October 24, 2023.



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