

AfDB loans \$400m for Mozambique LNG project

The African Development Bank Group has approved a long-term senior loan of \$400m for an integrated liquefied natural gas (LNG) plant, including a liquefaction facility in Mozambique.



The Mozambique LNG Area 1 Project, ranked Africa's single largest foreign direct investment to date, comprises a global team of energy developers and operators, led by Total alongside Mitsui, Oil India, ONGC Videsh Limited, Bharat Petroleum, PTT Exploration, as well as Mozambique's national oil and gas company ENH.

The African Development Bank joins a global syndicate of commercial banks, development finance institutions, and export credit agencies, to jointly provide the requisite senior debt financing for the project. Financial close is expected within the first half of 2020.

"Working closely with the government of Mozambique, we can ensure that the local population reaps the benefits from its nascent natural gas value-chain, thus creating growth opportunities and widespread industrialisation, while at the same time accelerating regional integration across Southern Africa," said Bank Group President Akinwumi Adesina.

In June this year, the group of investors reached final investment decision on the project, which carries a price tag in excess of \$20bn, thereby facilitating the initial commercialisation of one of the world's most important gas discoveries in the past two decades.

The LNG liquefaction plant will have a production capacity of 12.88 MTPA. The project is the first of several LNG trains expected to undergo development in the northern part of the country. Mozambique is expected to become one of the world's largest LNG exporters and its gas represents an important source of supply diversification, which stands to benefit global energy markets.

The project has already signed eight long-term off-take contracts with some of the world's most prominent LNG players, including Bharat, Centrica, China offshore state-owned oil & gas producer CNOOC, Taiwan's CPC Corporation, Electricite de France EDF, JERA, Pertamina, Shell, Tohoku Electric, and Tokyo Gas.

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