



JBIC signs \$3 billion loan agreement for Mozambique LNG project

The Japan Bank for International Cooperation (JBIC) signed a loan agreement in Mozambique LNG project financing amounting up to \$3 billion (JBIC portion) with MOZ LNG1 FINANCING COMPANY in Abu Dhabi, United Arab Emirates.

The loan is extended under JBIC's Growth Investment Facility. It is co-financed with the African Development Bank (AfDB), the Export-Import Bank of the United States (US-Exim), UK Export Finance (UKEF), the Export-Import Bank of Thailand (Exim Thailand) as well as 21 private financial institutions, bringing the total co-financing amount to \$14.4 billion. Part of the co-financing loans provided by private financial institutions is insured or guaranteed by Nippon Export and Investment Insurance (NEXI), UKEF, SACE S.p.A. (SACE) of Italy, the **Export Credit Insurance Corporation of South Africa Soc Ltd (ECIC)**, as well as Atradius Dutch State Business N.V.

For this project, Mitsui & Co., Ltd., and the Japan Oil, Gas and Metals National Corporation (JOGMEC), jointly with Total S.A. of France, Empresa Nacional de Hidrocarbonetos E.P. of Mozambique and others, will develop the Golfinho/Atum gas field in the northernmost part of Mozambique; transport feed gas through subsea gas pipeline to the onshore liquefaction plant to be constructed; and produce and sell liquefied natural gas (LNG) with an annual production capacity of 13.12 million tons. The loan is intended to finance mainly the development of the gas field and production of LNG in the project.

Natural gas produces less greenhouse gases than other fossil fuels and mitigates environmental impacts. Global demand for LNG is projected to grow in the future, driven by increasing demand in developing countries and rising environmental awareness. In the Strategic Energy Plan released in July 2018, the Japanese government recognized that one of its most crucial policy agendas is to secure the stable supply of natural gas to Japan. Japanese utility companies are expected to offtake approximately 30% of the LNG produced by this project, and this will represent Japan's first import of LNG produced in Mozambique. As such JBIC's support for this project will contribute to securing stable supplies of LNG and to diversifying LNG supply sources for Japan.

Also, under the LNG sales and purchase agreements for this project, flexible destinations clauses have been introduced and a joint procurement framework has been adopted between Japanese and foreign off-takers. In the Strategy for LNG Market Development published by the Japanese government in May 2016, such flexibility in LNG sales and purchases agreements is one of the main themes earmarked for active support. JBIC, through its provision of this loan, will contribute to the optimization of LNG procurement by Japanese utility companies by supporting the formation of a more flexible LNG market.

At the Seventh Tokyo International Conference on African Development (TICAD7) held in August 2019, Quality Infrastructure Investment was one of its important themes. With collaborations between the public and private sectors, the Japanese government plans to further enhance its support of the African region. At TICAD7, JBIC announced the renewal of its Facility for African Investment and Trade Enhancement (FAITH) by establishing FAITH3. The loan for this project is extended under FAITH3 and is in line with Japanese government policies.

As Japan's policy-based financial institution, JBIC will continue to provide financial support to the projects that contribute to securing important energy resources for Japan, by drawing on its various financial facilities and schemes for structuring projects and performing its risk-assuming function.