ERM SUSTAINABILITY INSTITUTE

The future of Liquefied Natural Gas finance:

Narrower window, higher environmental and social expectations

September 2026

Insights from commercial banks, multilateral development banks, and export credit agencies



Contents

Executive summary 3

Introduction 6

Overview of survey results 8

Recommendations for LNG project developers 22

Conclusion: The new bankability equation 26

Executive summary



ERM
SUSTAINABILITY
INSTITUTE

Delivering the clean energy transition will require balancing rapid decarbonization with the need for reliable, affordable, and secure energy. Within this context, Liquefied Natural Gas (LNG) continues to play a critical transitional role for many markets, even as it faces increasing scrutiny from investors, policymakers, and civil society.

An ERM survey of a representative sample of LNG lenders highlights how these competing pressures, alongside geopolitical uncertainty, are shaping capital allocation decisions across the sector.

Most survey respondents view LNG as a transition fuel for a limited period and foresee winding down financing for LNG projects within five to ten years. Notably, no survey respondent indicated an appetite to expand LNG financing, with positions ranging from maintaining current LNG exposure to actively reducing it.



The survey results highlight that three crucial trends are at play:

1	2	3
LNG projects can still raise finance, but the window of opportunity may be narrowing.	**Lenders seem prone to more forcefully scrutinize the environmental and social (E&S) planning and performance of LNG projects.**	**International standards, such as the IFC Performance Standards, the Equator Principles, and the OECD Guidelines, now seem to be dominant benchmarks for E&S performance.**
Half of survey respondents indicate that they plan to cease LNG financing activity at some point in the future, suggesting that the pool of available lenders may gradually contract over time. They consider LNG a temporary bridge fuel until clean energy can take over. While LNG financing is unlikely to cease for some time, its likely concentration among a smaller group of lenders means that project developers will face a progressively narrower financing landscape where lender engagement and alignment will be critical as backup financing options disappear.	Survey results suggest that E&S scrutiny has raised the probability that lenders will decline to finance LNG projects if their expectations on E&S performance are not met. More than half of survey respondents describe E&S considerations as “highly influential” in their lending decisions and “a potential deal breaker.” There is also a growing consensus on potential red flags, led by insufficient social license to operate, followed by emissions, biodiversity loss, and health and safety risks.	The surveyed LNG lenders increasingly demand integration of climate, environmental, and social considerations into LNG project planning from the outset and use international E&S standards as benchmarks to set expectations and measure performance. They are also expanding their scrutiny to Scope 3 emissions performance.

Across these trends, our report strongly suggests that the traditional financing market evaluates E&S factors alongside financial performance. This sends a clear message to LNG project developers and Engineering, Procurement, and Construction (EPC) contractors: to maintain access to traditional lenders, they need to integrate E&S considerations long before financial close, from project design, contracting strategy, ecosystem impacts, decarbonization strategy, and early stakeholder engagement.

Introduction: Liquefied Natural Gas financing in a new energy era



ERM
SUSTAINABILITY
INSTITUTE

Liquefied Natural Gas financing in a new energy era

The energy landscape has undergone a dramatic shift. Geopolitical developments such as Russia's invasion of Ukraine, the Middle East regional conflict, and trade tensions have disrupted energy markets. At the same time, the global energy appetite has soared in response to a combination of population growth, rapid data center expansion, and the electrification of processes like heating and transport.In this context, even as many countries and companies continue to pursue their clean energy goals, the demand for Liquefied Natural Gas (LNG) has surged, as they turn to the fuel to hedge against supply volatility and solve spikes in energy demand.

Between 2025 and 2030, the International Energy Agency (IEA) expects approximately 345 billion cubic meters (bcm)/year of new LNG export capacity to come online, the largest wave of additions ever. Financial institution support for the buildout of LNG capacity is growing too. In 2025, a record $72 billion in LNG projects reached final investment decision (FID), the point where both project developer and project sponsor have fully committed to a project, which will make a substantial contribution to that capacity growth.

LNG financing evolutions happen within the ongoing energy transition. However, recent geopolitical events and energy demand growth mean that decarbonization and actions to bolster energy security, supply growth, and affordability must be prioritized simultaneously. While the world's long-term future is low carbon, LNG will play a larger role as a bridge fuel than once expected.

With LNG's elevated role as a bridge fuel, it is increasingly important to understand how project developers and engineering, procurement, and construction (EPC) contractors can best access the financing they need to meet demand. ERM conducted a confidential survey among LNG lenders to provide a practical view of the financing considerations most likely to influence project viability and funding success.

This report, which is based on the results of this survey, aims to answer five questions on the future direction of LNG financing:

- What is the current position of traditional lenders on financing LNG projects, and how likely is it that their position will change?
- How relevant are E&S considerations for financing decisions today?
- What potential red flags may make lenders pass on a project?
- Which E&S standards are required to access finance?
- What advice do lenders have for developers and EPC contractors?

To answer these questions, we approached leading LNG lenders, including commercial banks, export credit agencies (ECAs), multilateral development banks (MDBs), and international finance institutions (IFIs). Ten institutions spread across regions and lender types completed our survey. Collectively, the participants hold about $9 trillion in total assets. Considering the highly concentrated nature of LNG lending, the survey results provide a strong indication of where LNG lenders stand and what lending criteria project developers can expect.

Methodology

The online survey and additional interviews were conducted between April and May 2026. The survey results represent the views of ten active LNG lenders.

The breakdown of all participants in the report is as follows:



Commercial banks: Six of the ten participating lenders are global or regional commercial banks active in Europe, North America, South America, and Asia-Pacific.



MDBs / IFIs: Multilateral development banks and other international finance institutions represent two participating lenders.



ECAs: The other two participating lenders are export credit agencies operating under the OECD Common Approaches, which specify what E&S requirements ECAs from OECD member countries need to apply.

Overview of survey results: Four themes reshaping LNG project finance



ERM
SUSTAINABILITY
INSTITUTE

Four themes reshaping LNG project finance

Our survey results suggest that LNG financing decisions do not occur in a vacuum. Instead, a complex web of factors determines if and when lenders will finance LNG projects. These factors are themselves shaped by competing pressures that dominate clean energy transition conversations.

Four key themes outline how E&S expectations may shape LNG project financing today.

- **LNG finance time horizon:** A finite window
- **E&S scrutiny:** The moment of truth
- **Project red flags:** Social license to operate is key to bankability
- **E&S standards:** The bar is being raised

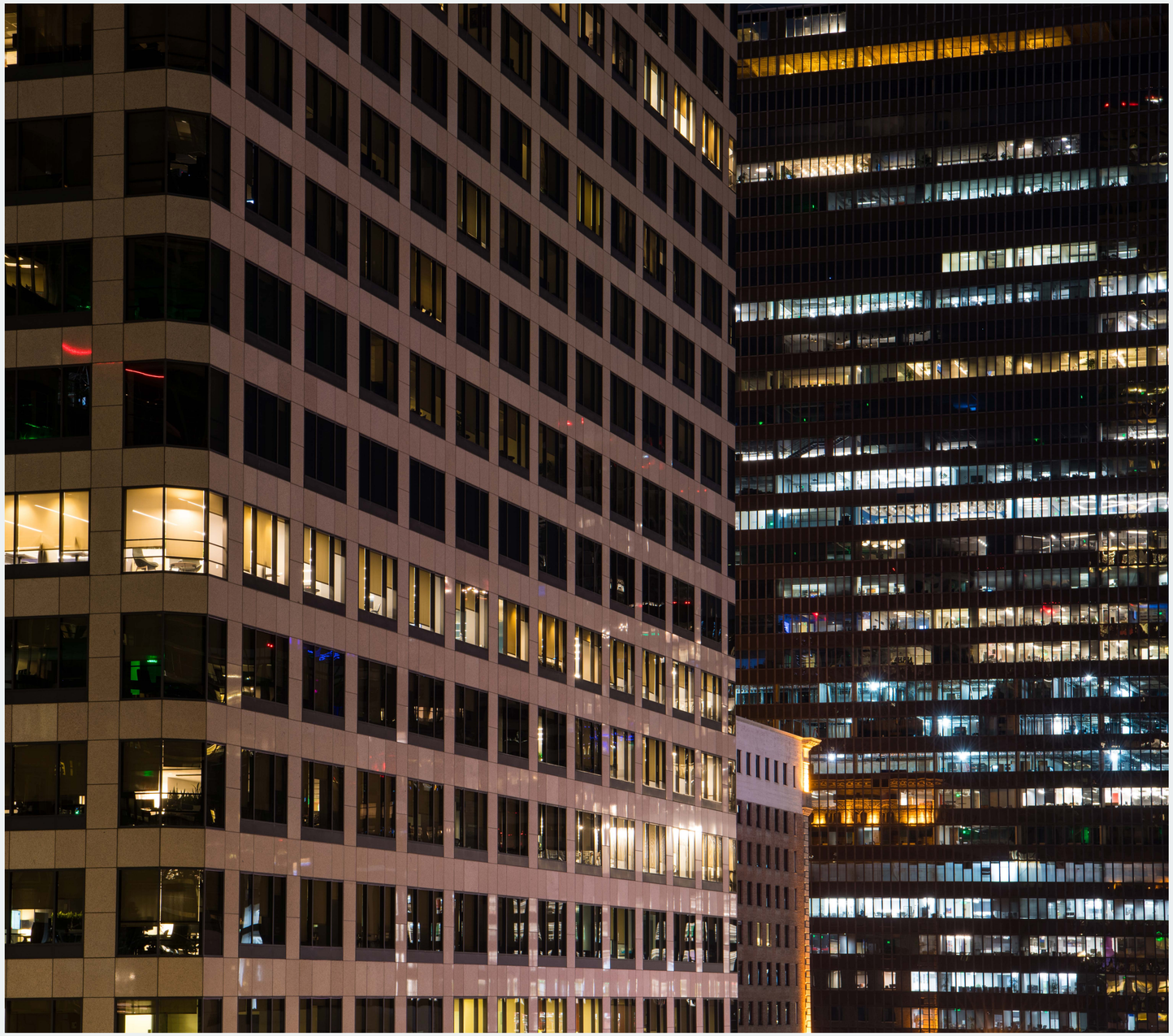
In the sections below, we highlight the survey results that underlie these themes and interpret their likely implications for organizations involved in LNG development.



The LNG finance time horizon: A finite window

While lenders continue to finance LNG projects today, a gradual tightening of support appears to be underway as some organizations adopt more restrictive conditions anticipating LNG will be largely replaced with clean energy in the near future.

Still, even as financial institutions increasingly assess LNG through the lens of their climate strategies, relatively few currently view climate-related risks as a primary driver of financing decisions.



Q: Does your organization have explicit policies, exclusions, or limitations regarding financing LNG or gas value-chain projects?

Lenders with policies, exclusions, or limitations on financing LNG projects	*Share of survey respondents (n=10)*
Yes	5
No	5

Q: Does your institution position LNG within your broader climate strategy and alignment with Paris Agreement commitments?

LNG considerations incorporated into climate strategy	*Share of survey respondents (n=10)*
Yes	8
No	1
No response	1

Q: Do you foresee a significant reduction in the overall appetite for the financing of LNG production projects due to CO2 emissions/climate change risk?

Lender view on reduction in financing appetite due to emissions and climate risk	*Share of survey respondents (n=10)*
Yes	3
No	6
No response	1

RESULTS:

- **An even split for lender exclusion positions:** Half of survey respondents reported that their organization excluded financing for certain types of LNG projects (e.g., upstream projects), while the other half reported that their organization did not have such restrictions. No survey respondents reported having already stopped financing altogether.

RESULTS:

- **Climate strategies account for LNG:** Eight of ten survey respondents noted that they incorporate LNG considerations into their broader climate strategy and their alignment with the Paris Agreement. While the level of influence LNG has on strategy cannot be inferred from the results, it is clear that LNG factors influence financiers' thinking on climate action.
- **Reversing the reduction policy is still on the table:** At the same time, surveyed lenders are open to future policy pivots. Only two respondents reported a 0% chance of reversing their financing-reduction position, suggesting that many institutions may return to previous financing levels if external conditions shift.

RESULTS:

- **Climate change is not a dominant driver in appetite reduction:** Lenders generally accept that LNG projects inherently contribute to climate change through GHG emissions generated during natural gas combustion and energy-intensive processes such as liquefaction process. Only three survey respondents anticipate a significant reduction in LNG financing appetite due to these inherent climate risks. Rather, respondents believe that in a tightening market, projects that do not actively manage carbon emissions (particularly methane leakage) will face increasing challenges in attracting finance (see more on this in section 3.2).

Q: Over which time horizon does your institution expect to continue financing LNG projects?

Cited time horizons for continued LNG financing	*Share of survey respondents (n=10)*
Will stop LNG financing immediately	1
Less than 5 years	2
5 to 10 years	2
Not foreseen (i.e., do not expect to tighten further)	3
No response	2

RESULTS:

- **Yes, to financing, but not for long for some:** The window for financing LNG projects seems to be closing for some financiers. Five survey respondents say that they will cease activity at some point in the future. Some institutions will stop LNG financing sooner than others, with three survey respondents noting they plan to cease activity immediately or within five years, and a further two indicating a five-to-ten-year window.



IN THEIR OWN WORDS

"It's increasingly rare that we finance LNG projects and only those projects that actively accelerate decarbonization."

- Multilateral development bank

"Projects need to make sure there are clear offtake contracts that answer the question of the gas destination and what worse fuels it displaces. No long-term offtake contracts; they should be agile enough to decrease supply in line with national long-term strategies in end-user countries."

– Multilateral development bank

"In a few years, no financing of LNG projects will be possible anymore, due to our national approach to a confidential partnership."

– Export credit agency

E&S scrutiny: The moment of truth

Our survey indicates that E&S performance is a critical evidence point in LNG financing decisions, with project viability hinging on how effectively developers identify, manage, and mitigate E&S risks from initial screening through to construction and operations. Surveyed lenders increasingly view rigorous due diligence, independent oversight, and credible risk management as prerequisites for accessing and maintaining capital access throughout the project lifecycle.



Q: How much influence do E&S considerations have on your financing decisions for LNG projects?

How much does E&S move the decision (influence level)	*Share of survey respondents (n=10)*
Highly influential (potential deal breaker)	6
Moderately influential	2
Not influential	2

RESULTS:

- **E&S factors are not a compliance footnote:** Six surveyed lenders rate E&S factors as highly influential and a potential deal breaker for their LNG financing decisions, indicating that firms consider E&S a central factor in their judgments, rather than a peripheral assessment tacked on for regulatory compliance purposes. For these firms, E&S performance can be non-negotiable; they may not finance projects that require them to deviate from their E&S requirements.
- **E&S scrutiny is unavoidable:** While two survey respondents noted that E&S is not influential in their financing decisions, both lenders shared that they screen for E&S issues before a transaction reaches their financing committees. In other words, they still filter deals by E&S factors but do so upstream in their internal processes.

Q: Do you require Environmental and Social Due Diligence (ESDD) to be performed by a lender-appointed/ approved independent E&S consultant?

Lenders who require an independent, lender-appointed E&S consultant for due diligence	*Share of survey respondents (n=10)*
Yes	7
Depends on project circumstances	2
No	1

RESULTS:

- **Third-party E&S due diligence is the default:** Another indication that lenders are very serious about E&S is that most surveyed lenders do not take a company's word for it, seeing value in the credibility of third parties. Seven survey respondents require an independent, lender-appointed E&S consultant or equivalent coverage for Category A projects (i.e., projects that may trigger full E&S impact assessments), while two may require independent E&S consultants under specific project circumstances (e.g., when expertise not available in-house is required).

Q: Do you require third-party monitoring during construction?

Third-party construction monitoring required	*Share of survey respondents (n=10)*
Yes	8
Depends on project circumstances	1
No	1

RESULTS:

- **Ongoing third-party E&S monitoring is a prerequisite for future financing:** Monitoring does not cease after the initial due diligence. Survey results suggest that the vast majority of lenders require independent third-party monitoring throughout the LNG project lifecycle, indicating that independent E&S monitoring has become the default across different project lifecycles in mainstream LNG finance.

Q: Do you require third-party monitoring during operations?

Third-party operations monitoring required	*Share of survey respondents (n=10)*
Yes	3
Depends on project circumstances	5
No	1
No, the lender conducts monitoring	1

RESULTS:

- **Lenders closely watch both the construction and operational phase:** Survey results suggest that lenders keep a close tab on LNG projects in all phases. Eight out of ten respondents use third parties for E&S monitoring during construction. Three out of ten respondents always require the same during the operational phase. Five respondents require operations monitoring depending on the project, driven by project category and the materiality of the residual risks identified during construction. Monitored issues include biodiversity, greenhouse gas (GHG) emissions, health and safety, pollution control, community resistance, and regulatory breaches.

Q: What E&S actions or studies should project developers undertake before approaching your institution for financing? (Respondents could select multiple answers)

E&S action or study	*Share of survey respondents (n=10)*
Bankable Environmental and Social Impact Assessment (ESIA)	4
Biodiversity risk assessment	1
Climate change risk assessment	2
Construction management system	1
Human rights risk assessment	2
Supply chain risk assessment	2
All of the above	6

RESULTS:

- **Pre-application E&S expectations are the norm:** Results suggest that lenders want companies to complete extensive E&S assessments before they show up on their doorstep, indicating that developers will need to proactively scrutinize their LNG project plans on all E&S aspects before further development and operations can begin.
- **Bankable ESIAs are strongly recommended:** All survey respondents advise LNG project developers to complete a bankable ESIA (i.e., an assessment that gives lenders confidence the project will not face hidden E&S risks) aligned with international standards. However, several respondents explicitly framed E&S as a collaborative gap-closure exercise over time. What matters is that the foundation is credible, and there are no red flags that violate lender policy.

IN THEIR OWN WORDS

“Developers should focus on the rigorous selection of an E&S advisor, ensuring they have a credible LNG and regional track record. Cutting corners is a bad idea.”

- Commercial bank

“Developers need to check lenders’ institutional legal requirements and retain an E&S advisor who has sufficient capability in the early stage of the project.”

- Commercial bank

“There is no one-size-fits-all approach. Any post-close monitoring of constructions and operations will be shaped by the material issues identified in the original ESDD and actions put in the Environmental and Social Action Plan.”

- Commercial bank

Q: Do you expect developers to demonstrate E&S considerations in siting decisions?

E&S considerations expected in siting decisions	*Share of survey respondents (n=10)*
Yes	9
No	0
No response	1

Q: Do you apply climate scenario analysis to evaluate project alignment with long-term warming pathways?

Applies climate scenario analysis	*Share of survey respondents (n=10)*
Yes	2
No	4
No response	4

RESULTS:

- **Siting flexibility of LNG raises E&S expectations:** LNG's relative siting flexibility compared with upstream or pipeline assets is a structural advantage, allowing developers to select locations based on local conditions. However, that flexibility appears to come with elevated E&S expectations for developers. Almost all (nine of ten) survey respondents expect developers to demonstrate that E&S issues are considered within their siting analysis. Frequently mentioned siting considerations include proximity to protected areas or critical habitat; potential impacts on Indigenous Peoples; risk of community displacement; areas of high biodiversity value; and proximity to social or cultural sites.

RESULTS:

- **Climate scenario analysis is not yet a common feature of lenders' investment decision-making:** Only two survey respondents indicated that they directly assess LNG projects against different climate warming scenarios to evaluate long-term viability. Instead, most lenders expect project sponsors to ensure and demonstrate that projects are resilient and remain commercially competitive under future climate conditions. This expectation is particularly strong among Equator Principles Financial Institutions (EPFIs), which require projects to undertake climate change risk assessments, identify and quantify appropriate adaptation measures, and monitor their effectiveness.

IN THEIR OWN WORDS

"We want developers to consider embedded decarbonization design measures, but we're not dictating it."

- Commercial bank

"The project needs to meet strict internal guidelines, and we need an independent E&S consultant to conduct due diligence to enable us to make our assessment."

- Commercial bank

"It is key that the project prepares a good environmental and social management system (ESMS) that is aligned with the lenders' standards."

- Multilateral development bank

Project red flags: Social license to operate is key to bankability

While lenders consider a wide range of E&S risks when making LNG financing decision, social license to operate stands out as the most influencing factor for project bankability and access to capital.

Survey results indicate that community acceptance, stakeholder trust, and effective social risk management play a large role in whether a project secures financing. At the same time, rising expectations around emissions management, methane mitigation, and decarbonization planning, signal a broader shift toward more comprehensive assessments of long-term project viability.



Q: What are your expectations regarding GHG emissions management?

GHG scope management expectations	*Share of survey respondents (n=10)*
Scope 1 and 2 only	6
Scope 1, 2, and 3	3
No response	1

RESULTS:

- **Scope 1 and 2 are universal expectations:** Survey results strongly indicate that management of emissions in direct control of the LNG project is paramount. Respondents almost universally (nine respondents) expect robust Scope 1 and 2 GHG emissions planning, monitoring, and reporting. Three survey respondents also require Scope 3 emissions planning, monitoring, and reporting, indicating that offering insight into Scope 3 performance is moving from a nice-to-have to a prerequisite for finance.

Q: What are the key E&S risks or potential red flags in LNG projects that could affect bankability? (Open response)

Top bankability red flags	*Share of survey respondents (n=10)*
Social license to operate	5
GHG emissions performance	2
Biodiversity and environmental impacts	2
Climate change risks	1
Health and safety performance	1
NGO/reputational pressure on fossil-fuel financing	1

RESULTS:

- **Social license to operate the biggest red flag:** A solid social license to operate (such as strong community relationships and nature stewardship, honoring Indigenous rights and livelihoods, and respecting labor rights) appears to be increasingly important for project success. Half of the survey respondents identified challenges related to the social license to operate as the most likely E&S risk to derail LNG project bankability. GHG emissions and biodiversity/environmental impacts came in second (two each), while climate change misalignment, health and safety performance, and NGO/reputational pressure were each mentioned by one respondent. However, in practice, all these aspects are closely interlinked.

Q: What emerging trends do you foresee in the E&S evaluation of LNG projects?

Emerging trend in E&S evaluation	*Share of survey respondents (n=10)*
Scope 3 emissions	4
Methane management	2
Transition risk	1
Biodiversity	1
Supply chain	1
All of the above	1

RESULTS:

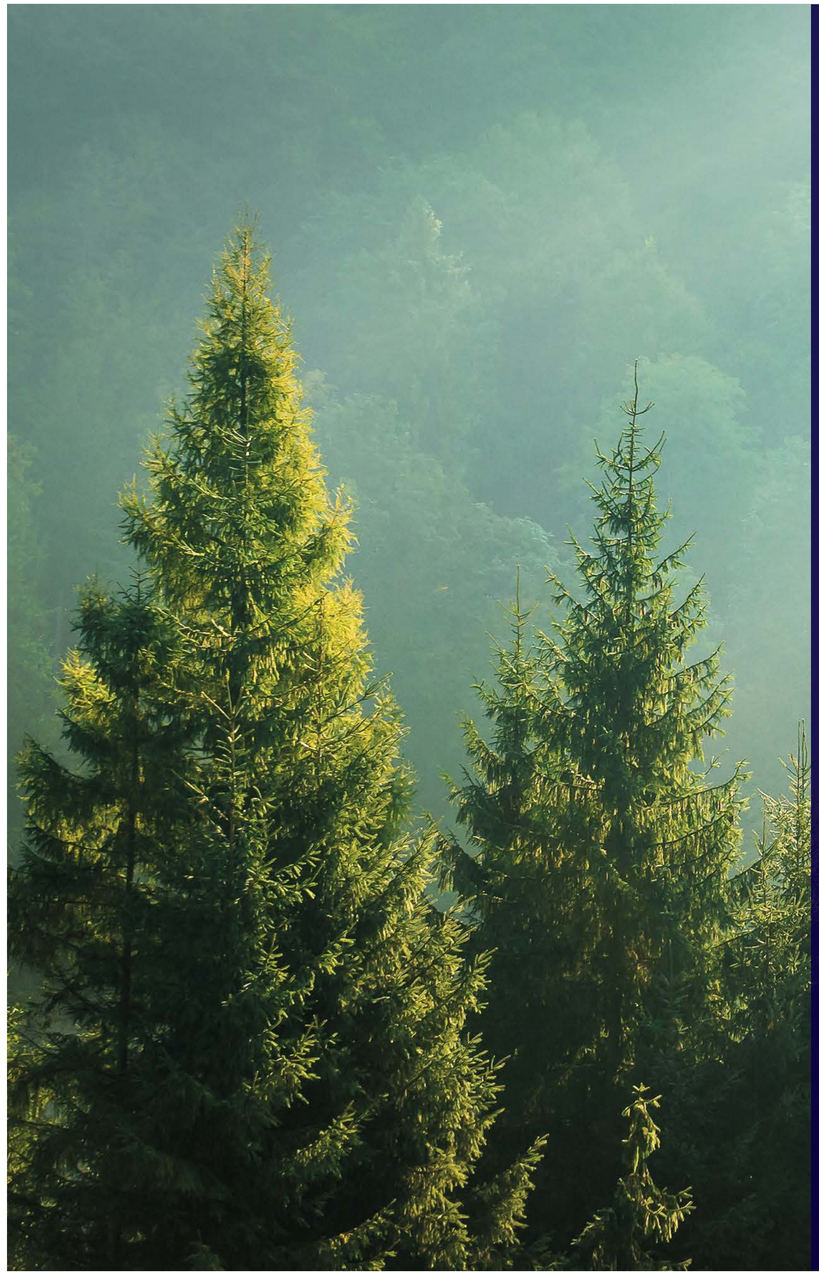
- **Scope 3 evaluation is an emerging near-future requirement:** As the last question indicated, some lenders already see Scope 3 emissions as a structured part of bankability assessment. Most other lenders seem ready to follow: five survey respondents view Scope 3 carbon performance as an emerging trend in LNG project E&S evaluations.
- **Methane management is an issue to watch:** The climate impact intensity of methane and the tightening (although uneven) **regulatory environment** around methane leakage also catch the eye of lenders. Two survey respondents view methane management as an emerging issue that LNG project developers should plan for.

Q: Do you require developers to prepare a GHG reduction roadmap or methane management plan?

Requires GHG reduction roadmap or methane management	***Share of survey respondents (n=10)***
Yes	6
Depends on project circumstances	2
No	2
No response	1

RESULTS:

- **Decarbonization planning requirements are tightening:** Survey results suggest that lenders actively translate their decarbonization expectations and foreseen trends into project design requirements. Six survey respondents expect the LNG project design package to include a coherent decarbonization plan, while two require one in certain circumstances.



IN THEIR OWN WORDS

"We see opposition from key stakeholders, including Indigenous peoples affected by the project, as the biggest E&S risk."

- Commercial bank

"The pressure of international NGOs to stop supporting fossil fuels is a red flag for us when it comes to LNG projects."

– Export credit agency

"We monitor how social issues such as economic or physical displacement and benefit sharing with communities are implemented."

– Export credit agency

"Challenges are typically a combination of the location and the specific challenges of the project design. We will require full compliance with the Environmental and Social Action Plan (ESAP) and assess how identified gaps can be closed."

– Commercial bank

E&S standards: The bar is being raised

While lenders may apply institution-specific policies and procedures, LNG projects appear to be commonly assessed against one or more sets of internationally recognized E&S standards. As lenders embed frameworks such as the IFC Performance Standards into their decision-making processes, developers face growing expectations to demonstrate alignment with global best practice from the earliest stages of project development.

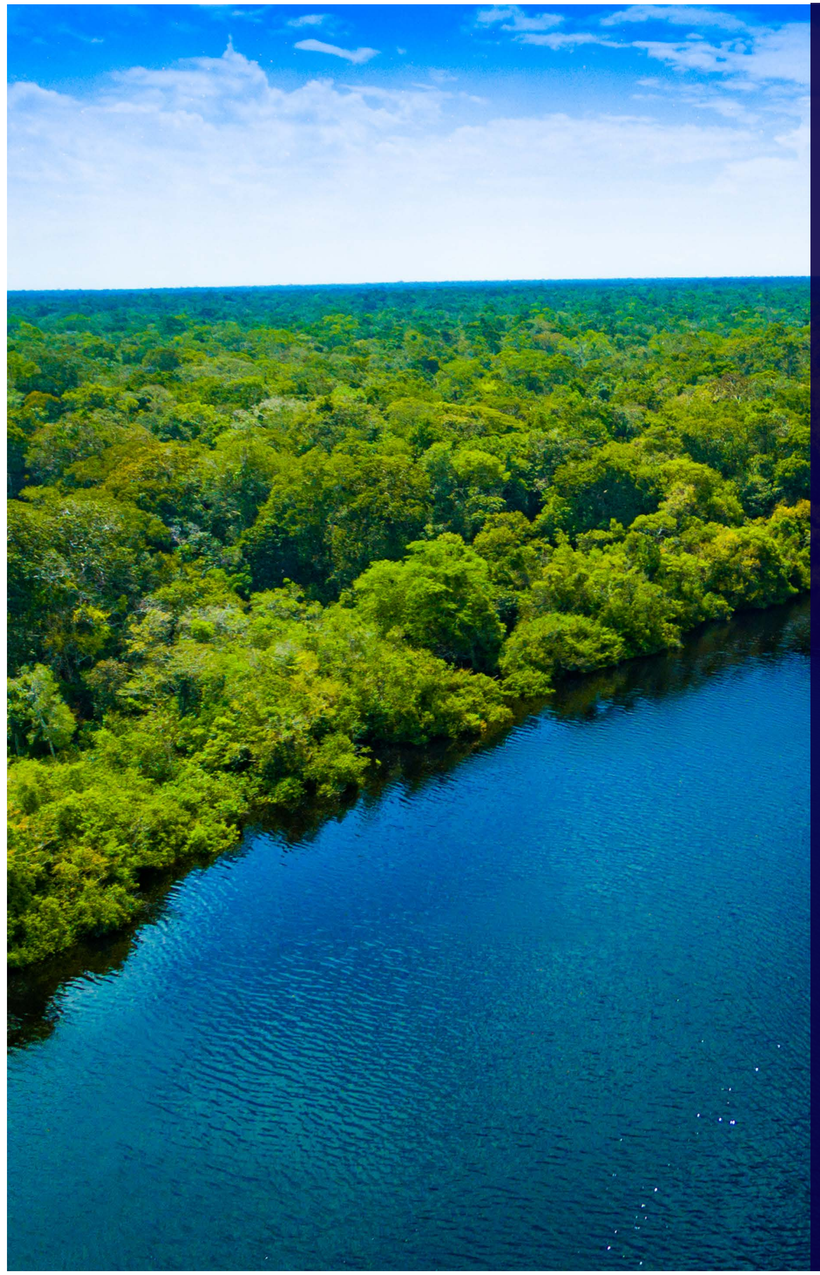


Q: Which E&S frameworks or standards does your institution apply when assessing LNG projects? (Open response)

E&S standard	*Share of survey respondents (n=10)*
IFC Performance Standards	5
Equator Principles 4	4
OECD Common Approaches	4
Internal bank standards (built on IFC PS/EU regulation)	4

RESULTS:

- **A few standards drive most LNG project financing decisions:** Results suggest a convergence around select international standard frameworks. Survey respondents most frequently cited the IFC Performance Standards, followed by the Equator Principles IV, and the OECD Common Approaches, with many organizations applying a combination of the three.
- **External frameworks vs vendor internal E&S requirements:** Four survey respondents indicated that external E&S frameworks have been incorporated into their own internal E&S bank standards. This suggests that, while lenders may have institution-specific policies and procedures, their E&S due diligence is generally built on a foundation of internationally recognized standards.



IN THEIR OWN WORDS

"Prepare a robust ESIA and appoint a good EPC contractor well versed in lenders' E&S standards."

– Multilateral development institution

"An explicit breach of international E&S standards would be a dealbreaker for us."

– Export credit agency

"Developers need to draft strong transition plans that consider the IFC Performance Standards."

– Commercial bank

"We follow EP4, so, in the assessment documentation, we would expect impact assessments per national standards in a designated country, an ESIA aligned with international standards in non-designated countries, and a climate change risk assessment and a human rights risk assessment per EP4 guidance in all countries."

– Export credit agency

Recommendations for LNG project developers



ERM
SUSTAINABILITY
INSTITUTE

Despite the fact that the survey results suggest changing appetites among financial institutions, financing for LNG projects is still available.

However, the rules of the game have changed: LNG project developers may face more limited capital pools, while, at the same time, lenders impose much stricter conditions on their financing activities. Amidst this evolving landscape, seven actions are essential to developers' ability to continue to competitively finance their projects.



1. Treat E&S performance as a core component of project bankability

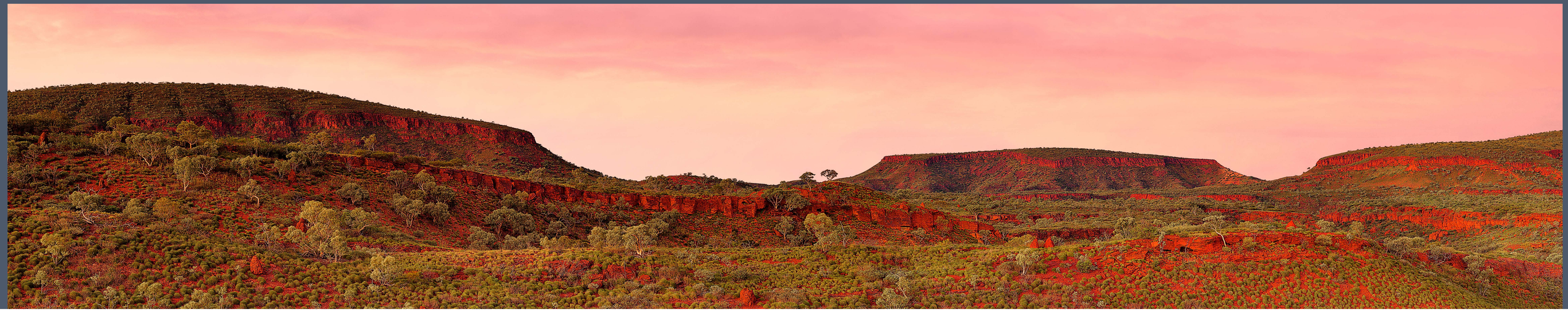
E&S performance is now often a deciding factor in LNG financing, with eight of ten survey respondents noting it is an influential decision point when considering projects. With project bankability at stake, developers should embed E&S considerations into project strategy rather than treating them as nice-to-haves or regulatory compliance elements. Projects that account for E&S factors are more likely to secure financing and maintain lender confidence than those that do not.

2. Build projects around internationally recognized E&S standards from the outset

Developers should design projects to meet internationally recognized E&S standards from the beginning instead of attempting to adapt project plans at later development stages, as all survey respondents use them to assess LNG projects. Proactively aligning project planning, construction, and operations with these reputable benchmarks reduces the risk of financing delays, costly project redesigns, and due diligence issues, while often streamlining lender review processes.

3. Stress-test projects for bankability risks early

Early E&S screening helps identify potential red flags before they become financing deal-breakers or cause significant project delays. Early commissioning robust independent ESIA and specialized studies such as climate change risk assessments, human rights risk screenings, and critical habitat assessments, enables timely identification and effective management of material E&S risks. Developers can further enhance project bankability by integrating E&S requirements into EPC and supply chain contracts, evaluating contractors' E&S capabilities and capacity, and assessing EPC's construction management systems against international standards. Together, these actions enhance lender confidence, facilitate access to financing, and support the timely and successful delivery of the project.



4. Assess social license risks before seeking project financing

With stakeholder opposition most likely to surface later in the project development cycle and potentially leading to delays or cancellation, developers should work to build consensus with local communities via consistent dialogue and engagement before investing time and resources into project design and financing. Early diagnostics can help identify potential community concerns, Indigenous rights issues, livelihood impacts, reputational risks, and NGO concerns and design an approach to address these issues and modify the project, if needed.

5. Prioritize stakeholder engagement alongside climate risk mitigation

Leading developers often prioritize climate and emissions performance, driven in part by evolving policy requirements and growing stakeholder expectations. However, survey results suggest that social risks may have a more direct near-term bearing on project bankability. Because financing often depends on maintaining stakeholder confidence throughout development, developers should invest in robust stakeholder engagement mechanisms to build trust and maintain support throughout the project lifecycle.

6. Prepare for lender scrutiny beyond financial close

Securing project financing is often only the first step of lender E&S scrutiny. Survey results indicate that most lenders implement third party E&S monitoring programs to ensure E&S risks are effectively managed throughout the project lifecycle. To ensure successful delivery and operations, developers are expected to have in-house and third party capacity and capabilities to implement strong management and monitoring construction and operations programs, develop adequate KPI tracking logs, implement audit and training programs and manage change. They are expected to strengthen stakeholder confidence through regular engagement, and demonstrate compliance with lender requirements through regular reporting and third-party audits.

7. Design financing strategies around a finite and potentially shrinking lender pool

While LNG financing remains available today, survey results indicate that the number of institutions willing to support LNG projects may decrease over time. Given this uncertainty, developers should engage prospective lenders before they need financing to familiarize themselves with their expectations and requirements for LNG projects. This approach can help reduce financing risk and avoid delays when capital is needed.



Conclusion: The new bankability equation



ERM
SUSTAINABILITY
INSTITUTE

Although the energy transition is well underway, LNG is expected to remain part of the energy mix for the foreseeable future as governments and companies balance climate ambitions with energy security and economic considerations.

Traditional lenders are still willing to finance LNG projects, but banks are becoming increasingly selective, and the pool of available capital is increasingly limited. One requirement has become the de facto litmus test for LNG project bankability: the E&S performance of potential developments under construction or in operation and how this performance fits within lenders' E&S priorities.

This shift changes what LNG project sponsors need to bring to the table. Lenders increasingly expect robust emissions planning down the value chain, as well as a solid social license to operate. Passing initial due diligence on these factors is not enough: lenders require ongoing third-party monitoring of E&S performance. To stay competitive, developers need to show a bankable ESIA, build a credible E&S management system, solidify their social license to operate, and actively anticipate where lender requirements will go next.

As financial institutions more deeply embed E&S considerations into their LNG financing decisions, the developers most likely to secure financing will be those that treat E&S performance not as a compliance exercise, but as a core component of project bankability.



ERM
SUSTAINABILITY
INSTITUTE

Authors

Andrew Angle
Lauren Blumberg
Aiste Brackley
Lorenzo Danzi
Jacco Kroon
Amy McDonald
Cristina Ortuno

Contributors

Mark Lee

Design

Aishwarya Grover
Bruce Stoddart

The ERM Sustainability Institute

The ERM Sustainability Institute is ERM's primary platform for thought leadership on sustainability. The purpose of the Institute is to define, accelerate, and scale sustainability performance by developing actionable insight for business. We provide an independent and authoritative voice to decode complexities. The Institute identifies innovative solutions to global sustainability challenges built on ERM's experience, expertise, and commitment to transformational change.

LinkedIn: linkedin.com/company/erm
Website: erm.com/insights

© Copyright 2026 by the ERM International Group Limited and/or its affiliates ('ERM'). All rights reserved.
No part of this work may be reproduced or transmitted in any form or by any means, without prior written permission of ERM.