IJGlobal Regional Report – MEA, Q3 2023

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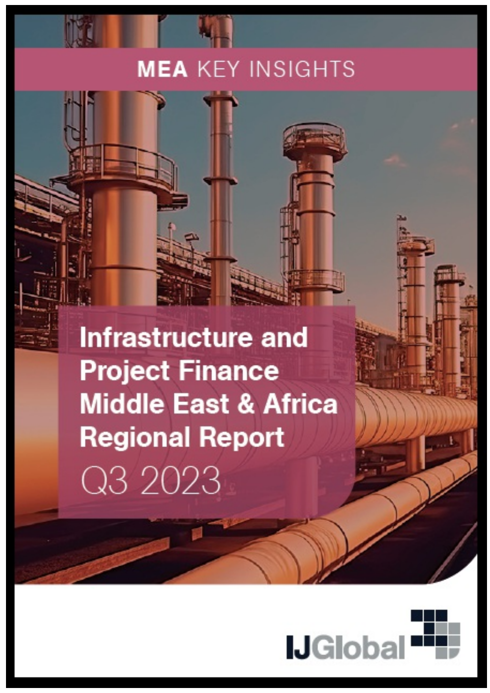
The year to the end of September 2023 marked a substantial downturn in activity across the Middle East and Africa, however, with some landmark achievements in the financing of greenfield infrastructure and energy across the region.

In the first 3 quarters of this year, MENA and Sub-Saharan Africa recorded a total of $59.2 billion of infrastructure finance deployed, a fall or 20.2% when held against the corresponding period from 2022 when $74.2 billion was achieved.



For clarity, "infrastructure finance" is a catch-all category from the IJGlobal database that is designed to incorporate all private investment into infrastructure and energy, including primary finance, refinance and restructuring. It takes in all project finance, broader debt vehicles as well as all equity invested or lent across the global infra/energy sectors.

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This slump in infra finance activity is largely attributed by the IJGlobal database to a drop-off in project finance activity across the region with just $30.8 billion deployed on greenfield financing and refinance. This compares poorly to Q1-3 2022 when $45 billion was closed as the "other infra" values remain at roughly the same levels: $28.4 billion for the first 3 quarters of 2023 against $29.2 billion for Q1-3 2022.

Poor performance in values is matched by deal count with 123 deals closed across the MEA region from the start of 2023 through to the end of September, against 136 transactions making it over the line in Q1-3 2022.

Commercial lending over the course of the period amounted to $24 billion, a considerable decline on the previous year when $39.9 billion made it over the line – representing a fall of almost 40%.

The capital markets, meanwhile, enjoyed a 4x jump in activity with $16 billion of bonds written across Q1-3 2023, compared to just $4 billion over the same period in 2022.

There was fairly consistent performance from development finance institutions (DFI) – though slightly down – with $5.7 billion deployed across the first 3 quarters of 2023, compared to $6.1 billion from last year.

Primary financing, alternatively, witnessed a roughly 30% increase with $25 billion committed from Q1-3 2023, against $19.2 billion from 2022. Refinance activity reflected market reality, marking a fall or 15.8% with $11.3 billion closed in Q1-3 2023 against $13.5 billion over the same period in 2022.

Mergers and acquisitions suffered a 76.6% drop-off in activity for Q1-3 2023 with just $7.9 billion closed, against $33.8 billion the year before. This trend, however, is not reflected in deal count as 38 transactions closed in Q1-3 2023 mirroring performance for the same period in 2022 – smaller deals.

The leader board for both project finance and infra finance is led by the $8.5 billion Neom Green Hydrogen Plant which will see ACWA Power and Air Products construct a 3.9GW green hydrogen plant at the planned city of Neom, Saudi Arabia.

Across the board, renewable energy was the most active sector from the start of January 2023 to the end of September with $14.5 billion in project finance values and $16.7 billion in infra values.