

IJGlobal Regional Report – Asia Pacific, FY 2023

Angus Leslie Melville

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Infrastructure finance across Asia Pacific marked a marginal increase in activity over the course of the 2023 calendar year, logging improved stats when held against full-year 2022, according to the IJGlobal database.

Market activity remained consistent, commercial lending and bond finance achieved stability, development finance institution (DFI) lending has shot up, primary financing is significantly up, refinance activity was curtailed, M&A is down by half year-on-year, bond activity is on the rise, and Renewables was the most active sector.

From 1 January to 31 December 2023, Asia Pacific recorded \$298.3 billion of infrastructure finance deployed, an increase of 3.7% when held against activity from full-year 2022 when \$287.7 billion was achieved. This tally was supported by project finance which rose by 13.6% from \$112.3 billion in 2022 to \$127.5 billion in 2023.

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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As with many regions, market activity (deal count) has remained fairly consistent with a total of 719 transactions having closed over the course of the last calendar year in APAC, compared to 720 in 2022 and 713 deals to have closed in 2021.

Commercial lending was fairly stagnant with the IJGlobal database recording \$97.3 billion of debt activity in 2023, compared to \$94.6 billion in 2022. This performance was matched by the capital markets which saw \$44.3 billion of paper written in 2023, comparing marginally better than the \$42 billion from 2022.

Meanwhile, DFI lending has spiralled upwards, logging a 64% increase from \$23.7 billion in 2022 to \$38.9 billion in 2023.

Primary financing witnessed an increase of 65.2% from \$67.8 billion deployed in 2022 to \$112 billion in the last calendar year. However, refinance activity dropped by 12% from \$51.8% in 2022 to \$45.5 billion in FY 2023.

The regional project finance table is topped by the \$2 billion coal-fired Thar Block-I Power Plant in south east Pakistan. Shanghai Electric Group is developing it as part of the China-Pakistan Economic Corridor (CPEC).

The last calendar year was quiet on the M&A front, having registered a 50.3% drop in activity from \$119.3 billion in 2022 to just \$59.2 billion in 2023. This trend is reflected in deal count with just 224 of transactions closed in 2023, compared to 280 in 2022. Of the M&A mix, company acquisitions represented the larger proportion at \$43.6 billion, while asset acquisitions amounted to \$12.8 billion in 2023.



The commercial bonds market across infrastructure / energy registered a 25.7% uptick in activity with \$32.9 billion of paper written in 2023, up from \$26.1 billion in 2022. Green Bonds, however, slipped by 21.7% from \$12.3 billion in FY 2022 to \$9.7 billion in 2023.

Overall, the single most active sector across Asia Pacific was Renewables, achieving \$63 billion in infrastructure finance values and closing \$34.3 billion of project finance transactions.

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