

IJGlobal Regional Report – Middle East & Africa, FY 2023

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Infrastructure finance activity across the Middle East and Africa was down over the course of the full-year 2023 when held against the 2022 results, but this is expected to change in the coming year as Gulf States ramp up activity.

While the broader infra finance category is down, project finance was almost identical year-on-year, market activity (deal count) is up, lending activity has suffered, bond activity increased dramatically, DFIs were more active, primary finance shot up while refinancing fell, and the most active sectors across the region were Renewables and Oil & Gas and Power.

From 1 January to 31 December 2023, the IJGlobal database logged total of \$99.3 billion of infrastructure finance transactions to have closed across the MEA region, a drop of 11% when held against full-year 2022 which saw \$111.7 billion deployed. Project finance activity, meanwhile, remained fairly constant with \$54.5 billion deployed in 2023 against \$53.6 billion in 2022.

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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Looking at the underlying data, the number of transactions to have closed over the course of the 2023 calendar year hit a 3-year high with 222 making it over the line, compared to 198 in 2022 and 197 the year before that (2021).

Commercial lending has fallen by 19.4% having achieved \$41.7 billion across full-year 2023, comparing poorly to 2022 numbers when \$51.8 billion was arranged. It was a very different story for bond activity which jumped significantly from \$7.8 billion in 2022 to \$17.6 billion in 2023 – an increase of 125%. Green Bonds amounted to \$5 billion of that total, up 21.3% on the year before when \$4.1 billion was written, reflecting a global trend towards sustainability-linked capital markets solutions.

Development finance institutions (DFI) were considerably more active last year with \$13.3 billion deployed to support transactions on the ground in 2023, an increase of 14.7% on 2022 when \$11.6 billion was allocated.

The primary finance of infrastructure and energy across the MEA region logged a 60.5% increase with \$48.3 billion deployed over the course of 2023, compared to \$30.1 billion in 2022 – a trend that IJGlobal anticipates will continue as deal flow ramps up, particularly in the Middle East.

Refinance activity was not so active in 2023 with \$16.4 billion of deals closed in 2023 against \$20.4 billion in 2022 – a

decrease of 19.5% – which will likely return to form in 2024 as deal cycle brings it back alongside anticipated improved interest rate stability.

There was a significant fall in M&A activity – down 72.8% – across the MEA region with the infra / energy market in FY 2023 valued at \$13.2 billion, a poor comparison to the \$48.6 billion achieved in 2022. In real numbers, this equates to 370 deals closed last year, against 452 in 2022. Of this M&A activity, company acquisitions formed the larger portion of the M&A mix for 2023, weighing in at \$7.5 billion. Meanwhile asset acquisitions amounted to \$5.7 billion.

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