Project & Infrastructure

full year 2021

- Global, regional and sector data
- League tables
- Market survey

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Project & infrastructure finance report - full year 2021: Introduction

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Welcome to Proximo's Project and Infrastructure Finance Report for the Full Year 2021.

The confluence of climate change, energy security concerns in Europe and parts of Asia, a post-pandemic recovery that is reliant on infrastructure development, and rising EPC and commodity costs have given energy transition and infrastructure financing more urgency than ever before. The opportunities are long-term and bankable – but technology risk and rising EPC costs still present major hurdles for many projects.

This report brings together our top-line market data, breakdowns of market activity by region and sector, league tables for bank lenders in the largest sectors and regions, and Proximo's 2022 market survey. The tables and market data are likely to experience small variations over time as our data team receives new deals that closed in 2021 – tracking when lenders receive permission from the borrowers to disclose them. The latest tables can be visited online following this link.

The data can be accessed at the Proximo Playbook, a bespoke online data platform that presents closed deal market information on the project finance industry, as well as potential project opportunities. The platform captures approximately 70% of all project finance deals globally. Closed deal information will be referenced throughout this report to provide additional context and insights. The methodology that we use for inclusion in our project finance dataset and league tables can be found online at this link.

The survey aims to be a brief look at major trends within the project finance and infrastructure finance sectors that draws on the perspectives and experiences of corporates, developers, sponsors, insurers, and banks.

Taken together, the contents of this report constitutes an important update for the industry on sector and regional activity, the most active lenders, pricing and tenor trends, the biggest challenges facing the project finance sector in the short, medium & long term, the availability of alternative sources of debt, and which countries and asset classes offer the greatest opportunities.

The global project and infrastructure finance market – like the global economy – is facing challenging times. But as you can see in the following pages, recent history points to real resilience and momentum in the financing of energy and infrastructure.

We welcome any comments or feedback you have on this report

The Proximo team

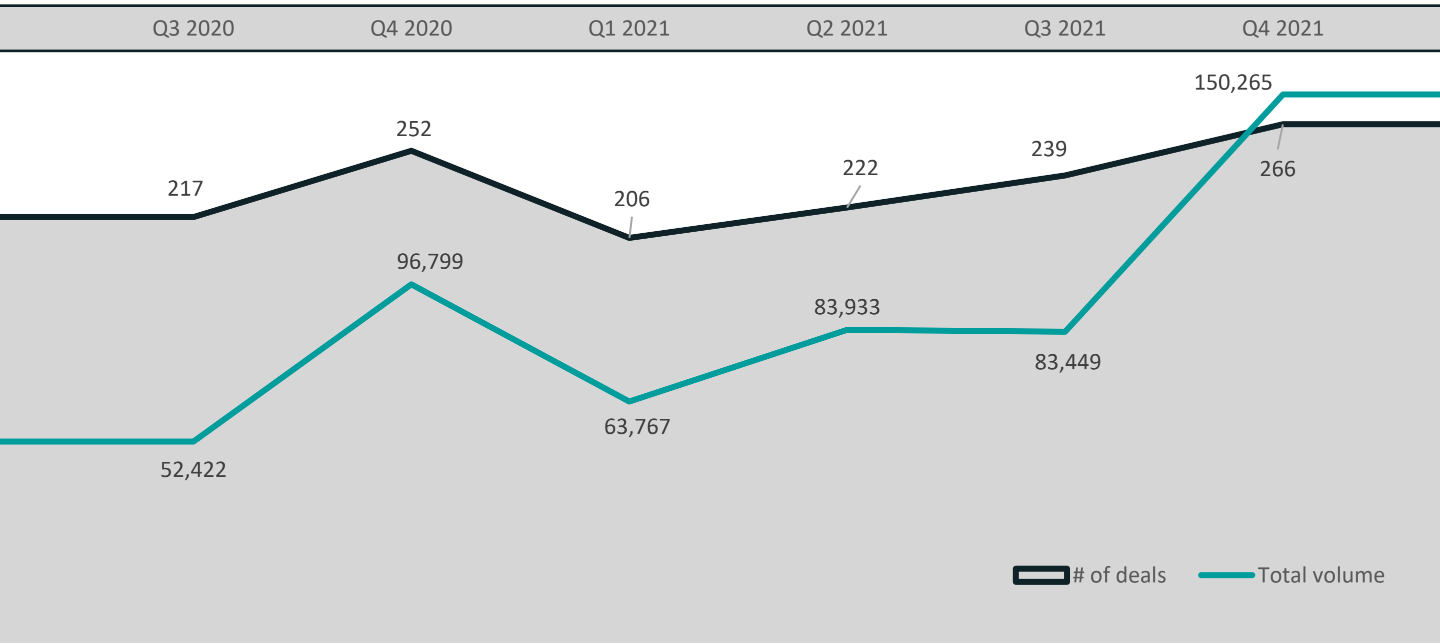
Contents

Project & infrastructure finance report - full year 2021: Headline data

Market overview

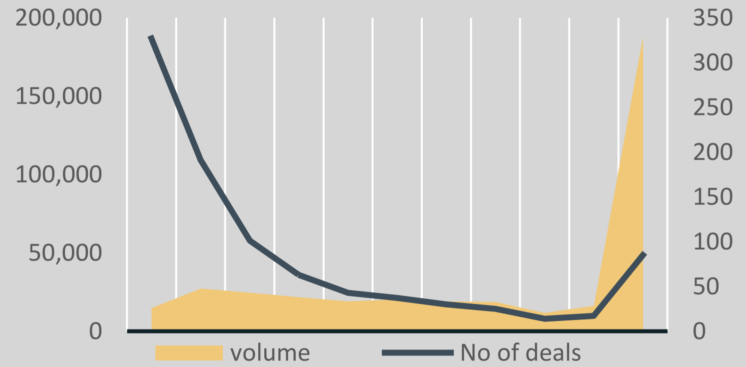
Total amount	No of deals	Top sector	Top Region
$381.4bn	**933**	**Renewables**	**Europe**

Big-ticket financings were responsible for the bulk of the improvement in financing volumes between 2020 and 2022. The top five deals in each year were about the same size – though 2020's largest deal was larger than 2021's. But in general deals of over $1 billion in size accounted for $188 billion in volumes in 2021 (or 49% of total activity), compared to $124 billion in 2020. Telecoms and water financings – including German fibre investments and the Suez acquisition – were a big factor in this bumper crop. The traditional fourth quarter bump in activity, which was pronounced in both years, was accompanied by a bump in average deal size in 2021. Banks and advisers were just as busy towards year-end in each year – but probably made more money in 2021. It is difficult to discern a post pandemic bounce in the data – anecdotally banks were able to continue closing deals in 2020 – but it may be that the timings of investments in telecoms and oil & gas infrastructure did benefit.



Volume ranges

Breakdown by volume range			
Range ($m)	**volume**	**%of vol**	**No**
0-99	14,786	3.9%	327
100-199	27,221	7.1%	191
200-299	24,601	6.4%	101
300-399	21,747	5.7%	63
400-499	19,001	5.0%	43
500-599	20,224	5.3%	37
600-699	19,122	5.0%	30
700-799	18,726	4.9%	25
800-899	11,681	3.1%	14
900-1000	16,168	4.2%	17
>1000	188,137	49.3%	85



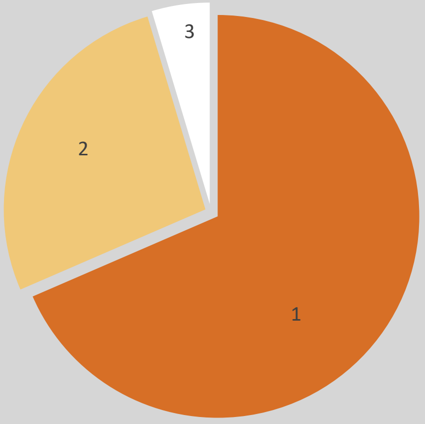
Project & infrastructure finance report - full year 2021: Product, region and sector splits

Type of finance

Non-recourse project finance transactions account for the bulk of the transactions that Proximo collects, though deals for specified assets that are built or bought with corporate or sovereign guarantees are also eligible (For more visit the Proximo Playbook methodology). But renewables and oil & gas transactions – where private capital dominates – led financing activity, as did Europe and North America. So project finance structures dominated.

Breakdown by finance type

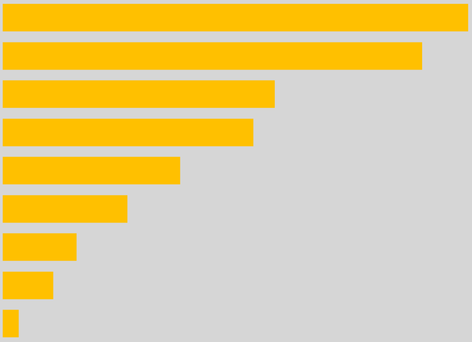
		$m	No	Share (%)
1	Project finance	332,652	779	87.2%
2	Corporate finance	30,402	81	8.0%
3	Sovereign finance	18,360	73	4.8%



Industry and regional distribution

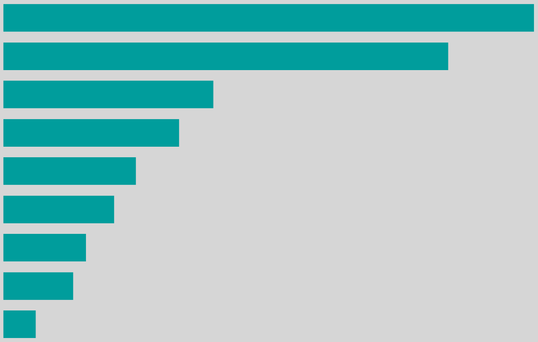
Deals by sector

	Vol ($m)	# of deals	% of vol
1 Renewables	95,980	408	25.2%
2 Oil & gas	86,482	75	22.7%
3 Power	56,108	115	14.7%
4 Transport	51,680	132	13.5%
5 Telecoms and Communications	36,595	60	9.6%
6 Social infrastructure	25,679	60	6.7%
7 Waste and water	15,215	34	4.0%
8 Metals and Mining	10,413	39	2.7%
9 Manufacturing & equipment	3,262	10	0.9%



Deals by region

		Vol ($m)	# of deals	% of vol
1	Europe	113,156	279	29.7%
2	North America	94,877	214	24.9%
3	Latin America	44,749	178	11.7%
4	Middle East	37,430	24	9.8%
5	Australasia	28,243	55	7.4%
6	Russia CIS	23,589	20	6.2%
7	Africa	17,577	88	4.6%
8	Asia Pacific	14,888	52	3.9%
8	Asia	6,905	23	1.8%



Project & infrastructure finance report - full year 2021: Power and renewables

Power & renewables

151.4bn
Total Vol

522 deals
No of deals

PV solar
Top sector

North America
Top region

The power finance market is decarbonising so fast that a 37% share for conventional power is at first look a little disappointing.

Gas fired power – and oil and gas in general – are still comparatively acceptable, though some investors with strict ESG mandates are increasingly turning away from any and all hydrocarbons. But renewables is now on its own the largest global sector by volume, with just under $96 billion in volume split between 408 deals.

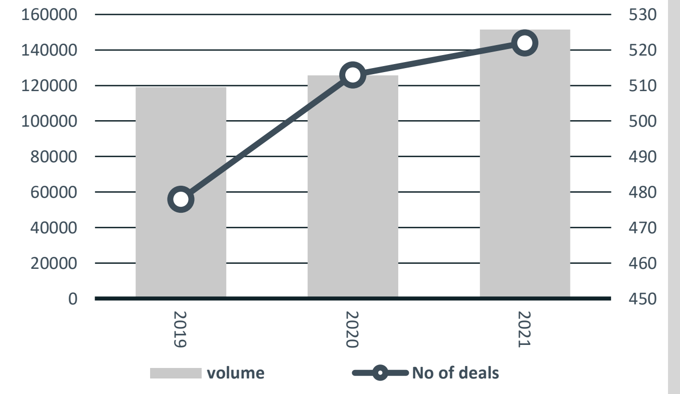
The conventional volumes are also less alarming than first appears. A few large fossil-fired projects, like Saudi Arabia's PP11 and Jizan, and ArcLight's Parkway portfolio, are prominent. But so are some large waste-to-energy and transmission deals such as the Viridor and Wheelabrator refinancings and the InterChile bond in Chile. Refinancings accounted for about a third of conventional power volumes.

PV solar deals dominate the renewables data, representing 26.5% of all volumes, with $4 billion across 215 deals. But offshore wind accounts for a small number of big-ticket (and higher-priced) financings. Of note is the $3.9 billion ECA-backed Dogger Bank C Wind Farm, the third phase of what will be the world's largest offshore wind farm when complete in March 2026. The financing was supported by a group of 28 banks and three ECAs - Bpifrance, EKN - The Swedish Export Credit Agency and Export Finance Norway - Eksfin.

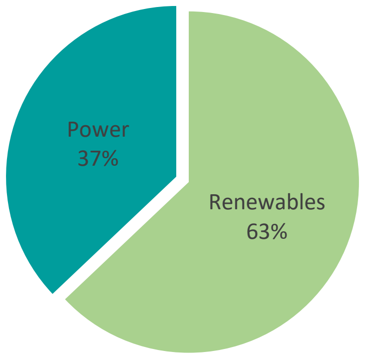
North America and Europe were unsurprisingly by far the most active regions. The former was the most active by volume, the latter by deal count. North America's total was boosted by some large conventional power refinancings and the larger size of its solar and onshore wind financings.

But offshore wind is tentatively starting to take off in the US. Avangrid and Copenhagen Infrastructure Partners closed a $2.34 billion construction-plus-seven-year senior debt financing for a 800MW Vineyard Wind 1 project offshore Massachusetts. The long-awaited financing, while constrained to a shorter US tenor, is still a huge boost for the sector.

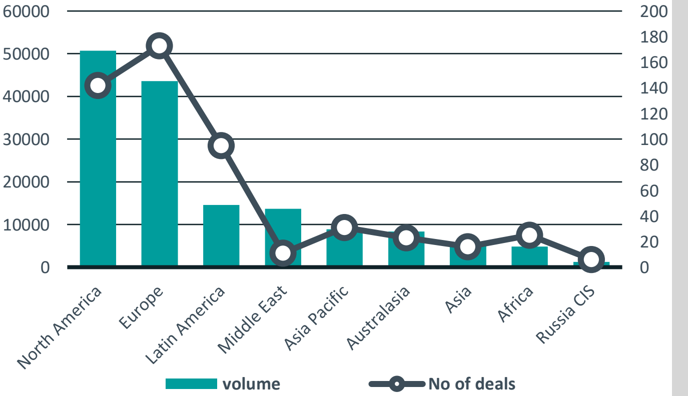
Deals by year



Breakdown by type



Spread by region



Project & infrastructure finance report - full year 2021: Power and renewables by asset

Perhaps the loudest message about the attitude of the infrastructure finance market towards power assets comes from what does not appear in the data. In 2021, for the first time, no financings for coal capacity, whether brownfield or greenfield, appear in Proximo's data at all. There are still ways of financing coal – mostly by providing corporate debt to coal generators without attaching it to specific assets – without appearing in our data. But it is clear that the reputational risks associated with financing coal are real, even if the world is a long way from weaning itself from coal-fired power.

In fact, the biggest development in coal power finance in 2021, was the launch of an initiative to acquire and retire coal capacity in Asia. The Energy Transition Mechanism, developed by the Asian Development Bank and Prudential, among others, made its debut at the COP26 conference. It has yet to gain traction.

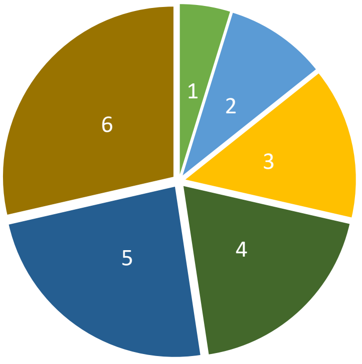
But the ease with which renewables can raise debt, off the back of plunging build costs and bank ESG mandates is extremely encouraging. The next challenge for lenders wanting to support the energy transition will be getting comfortable with newer types of battery storage or hydrogen, as well as combining them with offshore wind or PV solar. The sector is likely to benefit from increasing ECA and governmental support, particularly as a result of soaring energy prices in the period of recovery from COVID and the fallout from the war in Ukraine.

And as governments look to maintain energy security, expect gas-fired capacity, including combined cycle, simple cycle and cogen plants, to maintain healthy market share. The only real competition for gas capacity, in terms of reliability, comes from hydro and geothermal, both of which posted modest volumes in 2021.

Deals by Subindustry

	Vol in $m	# of deals	Vol (%)
PV solar	40,078	215	26.5%
Gas-fired combined cycle	24,563	29	16.2%
Onshore wind	22,332	129	14.7%
Offshore wind	18,355	14	12.1%
Electricity transmission	13,815	42	9.1%
Waste to energy	9,028	8	6.0%
Renewables	7,031	18	4.6%
Thermo solar	3,614	13	2.4%
Battery storage	3,368	15	2.2%
Large hydro	3,120	12	2.1%
Geothermal	2,649	3	1.7%
Gas-fired simple cycle	1,177	6	0.8%
Biomass	828	7	0.5%
Gas-fired cogeneration	410	1	0.3%
Energy storage	362	1	0.2%

Top currencies



		volume	% of vol
1	US Dollar - USD	83,199	55.5%
2	Euro - EUR	28,006	18.7%
3	Pound Sterling - GBP	16,197	10.8%
4	Australian Dollar - AUD	7,267	4.8%
5	New Taiwan Dollar - TWD	3,732	2.5%
6	Other	11,506	7.7%

Infrastructure

128.8bn Total Vol

283 deals No of deals

Broadband Top sector

Europe Top region

Combining transport, social and digital infrastructure under a single broad infrastructure category is not accepted everywhere, though there are many financing concepts in common between the three areas. But without the contribution made by digital – most especially a small number of large fibre financings in Europe – it is unlikely that the broad infrastructure sector would have turned in such a strong performance in 2021.

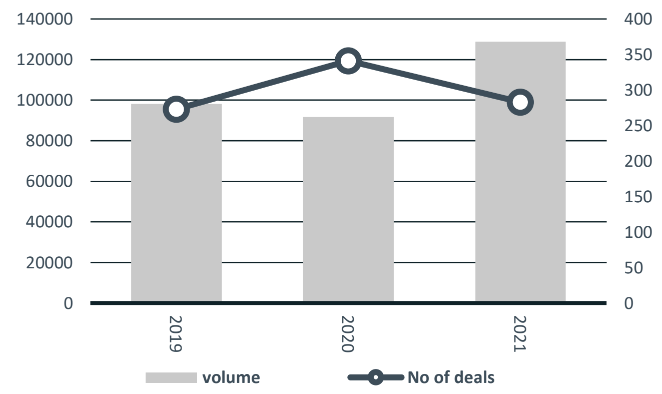
Five of the digital infrastructure deals of over $1 billion equivalent each were for fibre installations, while another two were data centre portfolio acquisitions. Half of the top ten infrastructure deals were for digital assets. Governments have been anxious to respond to the demands imposed by changing post-pandemic work patterns, and private debt and equity providers have generally been able to support those ambitions.

Refinancings have also been significant sources of bank business. Fully half of waste and water's 12% contribution to the infrastructure total came from the refinancings of the Suez and Saur assets. Brazil and especially Saudi Arabia were the main sources of greenfield water & waste project financings.

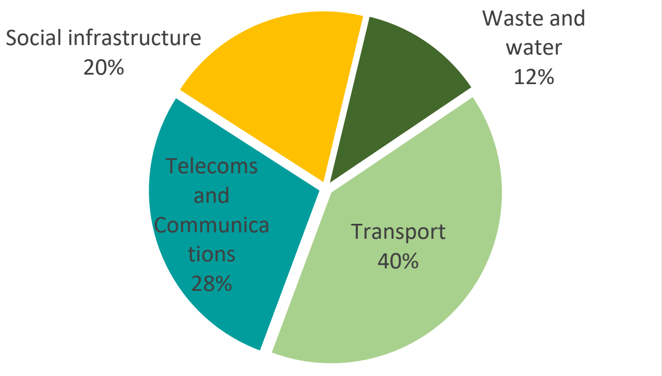
Europe's lead over North America was also much more pronounced in infrastructure than it was in power and renewables. The Canadian P3 market is comparatively quiet, and the US P3 market is still patchy, despite the Biden administration's earnest efforts to get money to work in infrastructure. The US digital and water infrastructure markets have other financing options than project finance debt, and these may not all have been captured in Proximo's data.

In terms of activity, both Africa and Latin America impressed with their deal counts, posting higher numbers than North America. By and large these financings were for transport assets, primarily roads, ports and airports, and they were greenfield rather than brownfield financings. The wider Asia-Pacific region, outside Australia, generally posted poor volumes, as governments continue to invest in infrastructure using government budgets rather than through PPP concessions. Russia, which until recently remained a project finance powerhouse because of its oil & gas industry, barely registers at all.

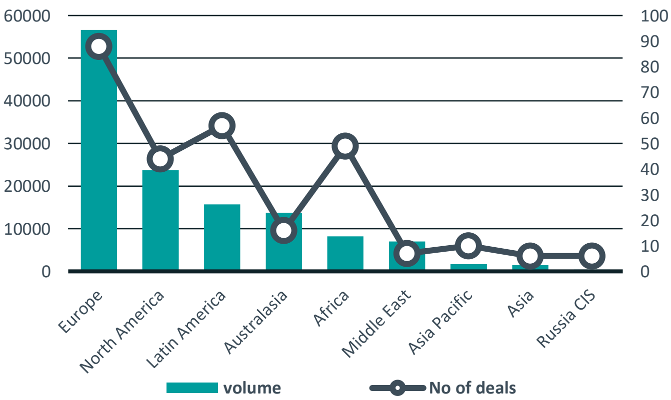
Deals by year



Breakdown by type



Spread by region



Project & infrastructure finance report - full year 2021: Infrastructure by asset

Reports of the death of PPP – some of them from Proximo's editorial staff – may be greatly exaggerated. The proportion of transport financings subject to PPP concessions rose from 10% in 2020 to 13% in 2021. PPPs tend to be smaller ticket than the largest collections of infrastructure assets, though they account for two of the ten largest infrastructure transactions in 2021. But one of those PPPs – Saudi Arabia's Red Sea Development – is carrying that label more from government preference than as a matter of strict eligibility.

Digital's dominance is stark. Broadband, fibre and cable networks account for slightly under a fifth of volumes, and data centres another 7%. Mobile infrastructure underperformed, possibly because of a lull in tower acquisition activity, but potentially also because mobile operators are generally making 5G-related investments on balance sheet or with retained earnings.

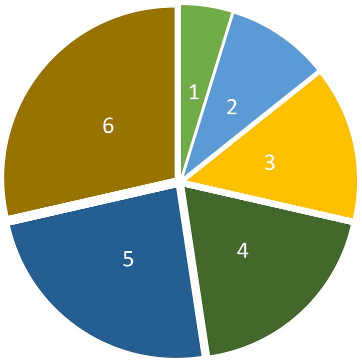
The roads sector was a little more disappointing. Volumes dropped from a little over $24 billion equivalent to just over $15 billion, with transaction numbers also falling from 73 to 56. This is a little surprising, given that roads in general suffered less during the pandemic than transit. Transit, however, also suffered a drop from 2020 to 2021, one that in volume terms was much more severe – a fall of around 50%. Airports' fall was less severe – nearer 30% in volume terms, though more in transaction numbers. Unlike in power and oil & gas, the effects of the pandemic on private transport investment probably still need to work their way through the market.

Rail had a solid, if uninspiring, year, with activity driven by a small number of refinancings of both track and rolling stock assets. Volumes in 2020 and 2021 were roughly similar. And port activity was higher – up from $2.7 billion equivalent to a little under $5 billion. Assets more closely tied to moving freight than passengers have rebounded more quickly from the pandemic.

Deals by Subindustry

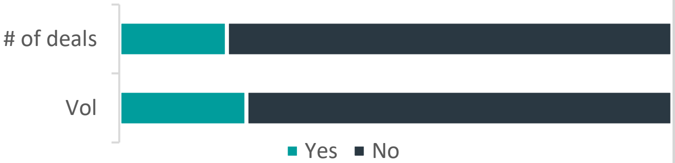
	Vol in $m	# of deals	Vol (%)
Broadband / cable network	24,864	36	19.3%
Road	15,285	56	11.9%
Rail	10,447	18	8.1%
Infrastructure (other)	9,697	12	7.5%
Data center	8,986	17	7.0%
Waste & water	7,069	4	5.5%
Airport	6,592	12	5.1%
Metro/Underground	6,578	10	5.1%
Healthcare facility	5,333	17	4.1%
Port	4,989	14	3.9%
District heating	4,981	9	3.9%
Water treatment	3,657	9	2.8%
Tunnel	3,647	3	2.8%
Desalination plant	2,900	4	2.3%
Cellular / mobile infra	2,134	5	1.7%

Top currencies



		volume	% of vol
1	US Dollar - USD	118,697	42.7%
2	Euro - EUR	81,972	29.5%
3	Pound Sterling - GBP	22,347	8.0%
4	Australian Dollar - AUD	21,000	7.6%
5	Saudi Riyal - SAR	6,679	2.4%
6	Other	27,057	9.7%

Are the projects PPPs?



There are some small but telling differences between the league tables for the wider infrastructure finance data and the project finance data. Société Générale has prospered by going beyond non-recourse financing. Intesa performs more strongly in the broader category, while NAB does better in pure project finance. But the main story of 2021 is how strongly European and particularly French banks have performed relative to the Japanese banks that until recently dominated the market. This success could be down to higher levels of ECA activity, or potentially greater levels of financial sponsor-driven transactions. If Japanese lenders have been dependent on certain types of carbon-intensive assets then there may be concerns about their long-term leadership position. However, LNG and hydrogen – two important plants of Europe's plans for greater energy security – are assets with which Japanese lenders are comfortable, so the coming years might be a chance for a resurgence. Japanese banks' average deal size is smaller than the top three banks, suggesting that their market presence is not as small as their volume share suggests.

Top 15 MLAs. Infrastructure finance

		$m	Share (%)	# of deals
1	Société Générale	14,133	8.3%	96
2	Santander	12,773	7.5%	74
3	Crédit Agricole CIB	6,738	3.9%	52
4	BNP Paribas	6,623	3.9%	50
5	Sumitomo Mitsui Banking Corporation (SMBC)	6,368	3.7%	54
6	ING Bank	6,368	3.7%	57
7	MUFG Bank	5,825	3.4%	43
8	Natixis	5,592	3.3%	51
9	UniCredit	5,233	3.1%	24
10	Standard Chartered	3,657	2.1%	24
11	Deutsche Bank	3,646	2.1%	15
12	Bank of China	3,567	2.1%	20
13	CaixaBank	3,463	2.0%	18
14	Intesa Sanpaolo	2,789	1.6%	29
15	Canadian Imperial Bank of Commerce (CIBC)	2,681	1.6%	17

Top 15 MLAs. Project finance deals only

		$m	Share (%)	# of deals
1	Santander	11,624	7.8%	68
2	Société Générale	10,114	6.8%	87
3	Crédit Agricole CIB	5,668	3.8%	43
4	Sumitomo Mitsui Banking Corporation (SMBC)	5,641	3.8%	48
5	BNP Paribas	5,510	3.7%	44
6	MUFG Bank	5,480	3.7%	40
7	ING Bank	5,032	3.4%	46
8	UniCredit	4,848	3.2%	21
9	Natixis	4,770	3.2%	47
10	CaixaBank	3,463	2.3%	18
11	Bank of China	3,340	2.2%	18
12	Mizuho	2,630	1.8%	21
13	Standard Chartered	2,412	1.6%	20
14	National Australia Bank (NAB)	2,388	1.6%	17
15	Canadian Imperial Bank of Commerce (CIBC)	2,387	1.6%	14

An alternative explanation for Japanese banks' position might come from the sector-based league tables. MUFG, SMBC and Mizuho still appear in the top 10 in power & renewables, but firmly behind Société Générale, Santander and Unicredit. Unicredit's performance is particularly strong in power & renewables relative to its global and infrastructure standings, and is based on just 14 large transactions. The other French banks perform solidly, but the most notable appearance is CIBC, which has made several hires in both North America and Europe, with the avowed intention of improving its presence in these markets. An honourable mention should go to KDB, which has started making appearances as a lender outside of a strict policy mandate, though its deal total is still in single digits.

In transport, European banks are still more dominant, and while SMBC and MUFG still feature, Mizuho does not even make the top 15. Replacing it is the Norinchukin Bank, a Japanese agricultural cooperative lender that has made some aggressive moves in the securitisation market, and has occasionally been a buyer of infrastructure debt. Lower transaction numbers, as well as some chunky individual deals, allow for a little more variety in the league table. Goldman Sachs achieves a top five position because of its role on a single transaction – the KKR and Equitix acquisition of John Laing. Siemens features in the top 10 thanks to just three deals, and two deals are enough to give CaixaBank 12th place.

Oil & gas, which was the second largest sector in 2021 by volume (though the fourth-largest by deal count) would probably have rounded out the picture by explaining most of the remaining variations in league table placings. However, banks are increasingly minimising their oil & gas financing activities in response to pressure from NGOs and shareholders. This may yet have been premature, because some large Australian and US LNG developments promise to be carbon neutral, and imported gas features prominently in Europe's plans to reduce its use of Russian energy. Nevertheless, Proximo increasingly views hydrocarbons as legacy segments, even if their decline is not as steep as that of coal.

ECA volumes are still dependent on hydrocarbons. ECA-backed volumes were $21.2 billion in 2021 while ECA direct loans were $9.5 billion. The $8.98 billion Euler Hermes/SACE backed project financing of the Amur Gas Chemical Complex (GCC) in Russia accounted for a good chunk of that. ECAs were also, until very recently, highly dependent on Russian business. Sanctions will almost certainly change that.

Top 15 MLAs in power & renewables. PF only

		$m	Share (%)	# of deals
1	Société Générale	5,382	8.3%	47
2	Santander	4,191	6.5%	40
3	UniCredit	3,566	5.5%	14
4	MUFG Bank	3,517	5.4%	24
5	SMBC	2,698	4.2%	28
6	CIBC	1,868	2.9%	10
7	Natixis	1,838	2.8%	17
8	Crédit Agricole CIB	1,652	2.5%	17
9	ING Bank	1,583	2.4%	19
10	Mizuho	1,492	2.3%	11
11	BNP Paribas	1,463	2.3%	16
12	Standard Chartered	1,430	2.2%	13
13	Intesa Sanpaolo	1,305	2.0%	16
14	National Australia Bank	1,221	1.9%	7
15	Korea Development Bank	1,192	1.8%	8

Top 15 MLAs in transport and social infra. PF only

		$m	Share (%)	# of deals
1	Santander	1,905	7.9%	12
2	Crédit Agricole CIB	1,794	7.4%	12
3	SMBC	1,514	6.3%	9
4	Goldman Sachs	1,498	6.2%	1
5	Société Générale	1,344	5.6%	11
6	BNP Paribas	1,031	4.3%	8
7	Siemens Bank	938	3.9%	3
8	MUFG Bank	885	3.7%	6
9	ING Bank	753	3.1%	5
10	Natixis	563	2.3%	5
11	KfW IPEX-Bank	542	2.2%	4
12	CaixaBank	541	2.2%	2
13	The Norinchukin Bank	514	2.1%	4
14	CBA	445	1.8%	4
15	Mediobanca	399	1.7%	2

The survey

Survey background

Proximo has produced a short quantitative survey of market participants active in project finance. It is designed to explore the views and experiences of these participants, including the challenges, opportunities and overall market view of the state of the industry. The survey data were collected using an online survey platform (SurveyMonkey) between February and May 2022. A group of experts with a wealth of experience operating within the project finance industry were consulted, to ensure the survey questions were relevant, appropriately worded and detailed for the individual respondent types taking part in the survey.

The respondents

A total of 51 respondents took part in the survey (Figure 1), including developers (22%), financial/technical/ legal advisers (22%), sponsors (16%), non-bank lenders (16%), banks (14%), operators (6%) and insurance providers (4%). This represents a small percentage of the total number of active participants in the project finance market, and is only representative of the industry at the time the data was collected. But it is large enough to allow for robust data analysis and, most importantly, for reliable trends and conclusions to be drawn.

A majority of respondents (57%) identified as a global head or director (Figure 2), with the remainder identifying as senior (37%) and mid-level (6%). These respondents also had a high-level experience with 78% of survey participants having spent 10 years or more working in project, energy or infrastructure finance.

Almost two thirds of respondents reported that their organisation operates internationally (Figure 3), with 48% identifying Europe as the location of their headquarters, followed by North America (30%), Latin America (18%) and Asia Pacific (2%). North America was the most active region they identified (38.8%), followed by Europe (36.7%) and Latin America (22.5%).

Figure 1

Respondents by company type

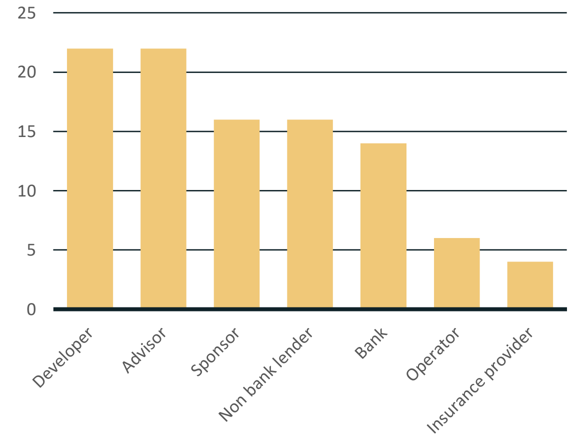


Figure 2

Respondents by seniority

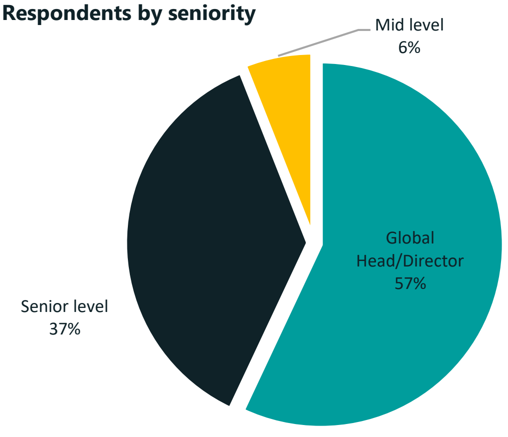


Figure 3

Respondents by geographical spread

The sentiment

Overall, survey respondents had a favourable view of the current state of the project finance sector (Figure 4), with Dynamic (49%), Positive (41%) and Healthy (34.7%) the top three adjectives respondents chose when describing their view of the market. This corresponds to expectations of dealflow, with a majority of respondents (53%) expecting dealflow over the next 12 months to be higher, with a third expecting it to remain the same and only %12 expecting a reduction in dealflow.

Positivity regarding deal flow is paired with an expectation that debt pricing will rise (Figure 5). The vast majority (87.8%) of respondents are expecting pricing on project finance deals to increase over the next 12 months, with 10% expecting pricing to remain the same and only 2% expecting a decrease. This sentiment might be unsurprising given global inflation and rising EPC and commodity costs, though bank lenders in particular, have long hoped for a debt pricing correction that has yet to materialise.

On the other hand, most respondents did not expect tenors on project finance debt to increase over the next 12 months, with just over two thirds believing it will stay the same, 22.5% expecting a decrease, and 12.2% an increase.

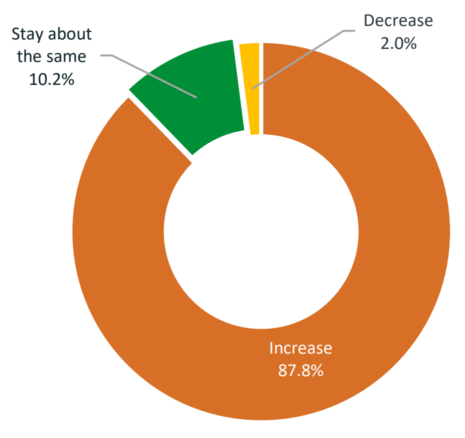
When asked their view of the most promising countries and regions as a source of dealflow over the next 12 months, the US was a clear frontrunner with 54.5% of respondents. Indeed, North America was seen as the most promising region overall as a source of transactions with 57% of respondents, followed by Latin America (22.5%), Europe (16%) and Asia Pacific (4.5%).

The market has made a tentative return to normalcy after the COVID-19 pandemic, but respondents on the whole do not expect the traditional contours of the project and infrastructure finance market to return (Figures 6 and 7 overleaf). Survey respondents believed oil & gas had the slowest recovery over the last 12 months, followed by conventional power (22.4%) and transport (16.3%). Proximo's 2021 data bears this out – to a limited extent. Oil & gas volumes increased from 2020 to 2021, but they have yet to reach the levels they attained in 2019.

Figure 4

View of the project finance sector

Figure 5



Sentiment more closely tracked reality in renewables, with 48% of respondents believing that it had enjoyed the best recovery over the last 12 months. Renewables and Energy transition technologies (Wind, PV, green hydrogen, and carbon capture) were overwhelmingly (53.5%) the assets that respondents were most excited about financing, followed by transport (11.6%) and digital infrastructure (11.6%).

This sentiment might even translate into competitive pricing, with 51% of respondents anticipating an increase in pricing benefits on sustainable deals over the next 12 months, and only 4% believing there would be a decrease. For green projects 47% thought that there would be an increase in pricing benefits and for social projects this figure was 30.6%. A majority of respondents (61.2%) on the other hand, expected pricing benefits for social financings to stay about the same.

Continuing to look outside the bank market

Large and complex projects increasingly require sponsors to combine multiple sources of financing, including export credit agencies (ECAs), development finance institutions (DFIs), commercial banks and non-bank lenders.

Renewables, metals & mining, social infrastructure, and battery storage assets are energy transition assets with obvious appeal to ECAs, though multi-sourcing was generally developed for conventional power and oil & gas developments, and may continue to be important to those projects that still make it through to final investment decision. And the overlap between ECAs and DFIs in project finance is growing, compounded by heightened geopolitical instability and the stronger focus on energy transition.

A large majority of survey respondents said that ECAs and DFIs will be either more important (19.2%) or similarly important (57.5%) in project finance over the next 12 months, with only 23.4% believing that they would be less important.

Figure 6

Largest recovery over the past 12 months

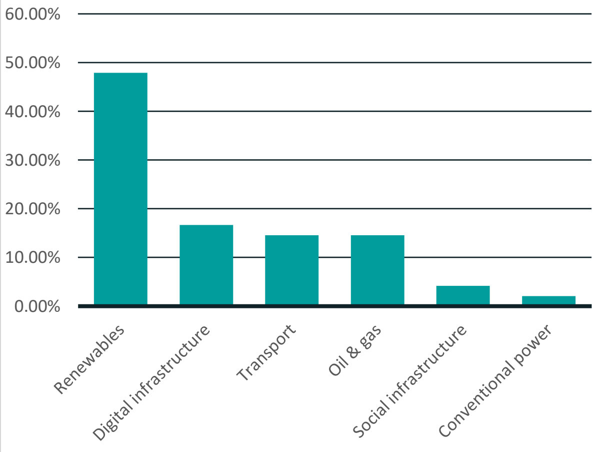
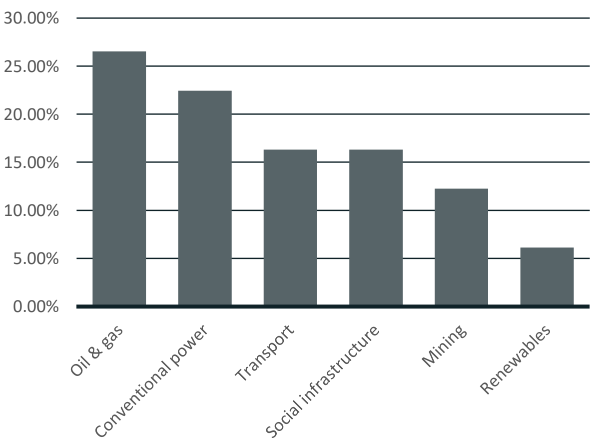


Figure 7

Slowest recovery over the past 12 months



Conclusions

- Positivity regarding deal flow is paired with an expectation that prices will rise, although most do not expect tenors to increase on project finance debt.
- Renewables is a hot sector experiencing a strong recovery, with many excited about investing in energy transition-related assets, whether in battery storage, hydrogen, offshore wind or PV solar, or a combination of them all.
- The largest three deals recorded by Proximo in 2021 were all in oil & gas, but a plurality of survey respondents believed oil & gas had the worst recovery over the past 12 months.
- Non-bank lending is growing in significance, particularly project bonds, DFI/MDB and ECA loans, with a majority of survey respondents expecting alternative lenders to increase in importance over the next 12 months.

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