ImpactA Global

"Spotlight on the team"

Audrey Caulliez-Louis - Partner, Head of ESG & Impact Advisory Chair

1. **Introduce yourself and your background.**

I'm Audrey Caulliez-Louis, Partner, Head of ESG & Impact at ImpactA Global. My background is predominantly in project and structured finance with a focus on emerging markets. I've held roles at large investment banks, including MUFG, Standard Chartered, Mizuho and at a specialist advisory firm (MayCap Advisors). I have worked on fund-raising for projects in the energy transition and social infrastructure sectors that delivered positive impact and more recently worked on mandates as a consultant for entities such as UK Export Finance and The World Bank.

2. **What led you to join and found the ImpactA Global team?**

I worked with Victoria *(ImpactA Founding Partner)* closely in the past on structuring finance for specific projects in the renewable sector, when we were both part of bigger institutions. We started discussing about the gaps in the markets around the transactions involving ECAs and DFIs and were aligned on the real need to mobilise private capital into the Global South that specifically targeted sustainable infrastructure projects. When the project of a debt vehicle to address those gaps was formalised, I joined the ImpactA Global mission to assist building the strategy, work on the ESG/impact approach and the investment pipeline for transactions we were going to consider for support.

The partners, Isabella, Victoria, Susan and I, all came together with a mission to create some positive impact, so there was a genuine connection and ambition to use our past experience and create this catalytic strategy with gaps we had identified over decades in the financial markets. Coming from big institutions, we also wanted to work in a more agile environment and bring more agile solutions to infrastructure projects around us.

This was also a mission close to my heart, when I had co-founded CCC Training, a Project Finance training boutique, to bring tailored capacity building to structured finance professionals and governments to support impactful projects around the world. The enabling angle is an important concept that drives my work and motivation.

3. Why is impact investing important to you?

It is how we can make a tangible difference in the world. I think it is important to increase awareness around positive impacts the financial sector can create when institutions are supporting the right projects, tackling climate action and social inclusion, but also identifying the potential adverse impacts to mitigate those. Investing in sustainable infrastructure assets in emerging markets is key to reducing inequalities.

We also selected the sectors that have the most impact on communities. By focusing on assets that help provide greater access to water, electricity, healthcare infrastructure and transport we can tackle the most pressing needs and deliver measurable impact from our investments.

4. Where do you see the most opportunities within emerging markets?

We are targeting infrastructure deals that are either smaller and often overlooked by larger institutions, or larger, where our role as a small debt provider will unlock significant funding appetite from additional financial institutions. We see many opportunities in the social infrastructure sector in the African countries, with transactions supported by loans to governments entities, and, in Latin America, where the PPP frameworks are more standardised. Asia is also full of opportunities, although we have focussed more on Africa and LatAm for now. We can provide solutions for transactions by providing that missing part of the capital structure, which blends public and private funds, local and international funds, and unlocks capital for well-structured, “bankable” transactions to get to the finish line.

There is such a strong need for developing public infrastructure across the Global South. In Africa only, the African Development Bank (AfDB) estimates the continent suffers from an infrastructure funding gap of anywhere between US$68bn and US$108bn, while the UN says a third of the population lacks electricity and 40% of people live more than 5km from their nearest all-season roads.[1]

5. What excites you the most about partnering with Legal and General Capital?

There is a strong cultural fit and our values of investing for purpose strongly aligned. L&GC have an incredibly robust portfolio in developed markets, and by partnering with us, they can extend that mandate across to emerging markets. It is fantastic to have the support of a highly respected and experienced institution such as L&GC. It truly is a mutually beneficial partnership at all levels and all the teams we met on the journey have been really supportive.

6. How do you perceive risk within this asset class?

Since we target the sectors that provide a fundamental service for countries and the local communities, such as energy or water, we can reduce our exposure to risk. Our asset class in Project Finance and ECA/DFI finance is quite standardized and our offering is therefore scalable across jurisdictions. We go through a long due diligence process when structuring transactions, allowing us to mitigate risk.

The fact that our target transactions sit within the halo effect of the ECAs, DFIs and government frameworks means that it is already somewhat de-risked. Most of our transactions are also part of countries’ development plans or fall under their commitment to various objectives. When your projects fall under programs such as the host countries’ National Determined Contributions (climate-related targets for greenhouse gas emission reductions) driven by the Paris Agreement or are fully aligned with the UN Sustainability Goals, they become governments’ priority projects. Of course, no investment comes with zero risk, but our focus and structured approach mean risk factors are certainly diminished. Historically, the infrastructure project finance debt as an asset class has proven extremely resilient, with low default rates (around 7%) and high ultimately recovery rates (about 80%)[2]

1 Felix Thomson, Global Trade Review, https://www.gtreview.com/supplements/gtr-africa-2023/addressing-africas-infrastructure-gap-the-evolving-role-of-ecas/.

[2]Moody’s 2017 2017 Global Credit Themes https://www.moodys.com/microsites/thebigpicture/index_old.html