Meridiam was established in France and the United States of America by Thierry Déau, formerly Chief Executive of Egis Projects (a subsidiary of France’s Caisse des Dépôts et Consignations, specialised in developing, financing and managing infrastructure projects), with operational and financial support from ECOM Technology Corp. and the Crédit Agricole Group.

Meridiam has over 300 employees in offices across the world, including over 20 investment professionals based in the Addis Ababa and Dakar offices, focused on African projects.

AVCA speaks with Mathieu Peller, Partner and Chief Operating Officer, Africa, about Meridiam’s investment theses and commitment to long-term, global sustainable development.

**Q: What is the history of Meridiam, and how has the organisation evolved over the years?**

Meridiam is an independent investment Benefit Corporation and an asset manager which has been investing in long-term sustainable and impactful infrastructure globally for over 15 years. Since its inception in 2005 under the leadership of Thierry Déau, Meridiam has grown over the years in Europe and North America. In 2015, we expanded into Africa with a dedicated EUR546mn fund and we have since invested more than EUR4bn in essential infrastructure across the continent.

As an organisation, we now boast over 300 employees, approximately half of whom are in our project companies, while the other half are investment professionals spread across our nine offices in Paris, New York, Toronto, Luxembourg, Istanbul, Dakar, Vienna, Amman, and Addis Ababa. In Africa, we have over 20 individuals based in our offices who can leverage support from our global platform.

In September 2019, Meridiam became one of the first French companies to adopt France’s new certified benefit corporation status - “société à mission” - confirming our commitment to advancing concrete United Nations (UN) Sustainable Development Goals (SDGs) and a rigorous evaluation of the impact of our investments through dedicated proprietary methodologies.

**Q: Tell us about your investment strategy.**

Meridiam’s mission is to deliver sustainable infrastructure that improves the quality of people’s lives – this is a key pillar of our work. In doing so, we focus on a long-term greenfield approach, from development to construction and portfolio management, across three infrastructure sub-sectors (mobility, energy transition and environment, and social infrastructure).
A large proportion of our projects are PPP concessions of essential and public infrastructure such as roads, health facilities and hospitals, independent and renewable power plants (solar, biogas, geothermal, biomass, and hydro), day care centres, schools, colleges and university campuses, ports, airports, trains and tramways, data centres and charging stations for electric vehicles.

With our long-term funds, we can structure assets which are well aligned with the public counterparty looking for long-term partners focused on delivering resilient infrastructure generating positive long-term impact and returns at the same time.

**Q: What is the investment appeal of infrastructure in Africa?**

We raised our first Africa fund in 2015, on the back of Africa’s large untapped potential. In infrastructure, we observed that in addition to the financing gap, the continent has a large development gap of skilled players willing to develop projects from the outset. We saw that gap as an opportunity to mobilise both our long-term financial resources as well as our development know-how and track record.

The continent is developing at a rapid pace and with the economic growth, we see a clear role for the private sector (both domestic and foreign) to play a part in delivering the goods, services, and infrastructure these economies need to grow. The essential nature of the asset class also presents robust prospects for investors to deliver assets that are changing people’s lives.

**Q: Where do you see opportunities for investors in African infrastructure, and how do these differ by region?**

Great opportunities exist across the spectrum – but the obvious one is renewable, clean and affordable power for the population. However, we are seeing returns compression for investors in segments becoming more competitive – like solar PV for example – as public authorities demand lower tariffs. Of course, this is great news overall.

We still see stronger opportunities in the lesser developed economies in East and West relative to North and Southern Africa, which have more depth in power procurement and installed capacity. We also see significant opportunities in technologies requiring more development work, such as geothermal energy, hydro, and biomass. Many African countries have huge potential, and such technologies can help with balancing the grids with more stable power production.

We are bullish on transport infrastructure as Africa has major gaps here in terms of roads, clean mass transportation (e.g., electric bus transit), port capacity and airports, which translates into a need for improving existing stock and creating new capacity to efficiently manage growth. Opportunities also exist in digital infrastructure with rapid digitisation of services and consumption trends we are witnessing.

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**Q: What kind of limited partners do you have and what drives them?**

We have many recognisable commercial LPs in our Africa fund, largely European pensions and insurers with some representation from North America and Asia. In addition to these, we have a few DFIs that have been supportive on this journey. All these LPs like the combination of positive impact and financial returns that our type of investments can deliver for them and their mandates.

**Q: How do you evaluate the impact of your infrastructure investments on local communities and economies?**

Impact has always been embedded in what we do at Meridiam. All our projects are appraised against the UN SDGs and we take an approach of focusing on clear measurable contributions of the projects in a very practical way. Meridiam’s sustainability strategy is based on five pillars, with KPIs controlled every year and reported back to a dedicated “Mission Committee”. Such pillars range from developing resilient infrastructure and sustainable cities, to accelerating the energy transition, reducing carbon emissions, promoting good work conditions, inclusion, diversity and gender equality, and protecting and enhancing biodiversity.

Each asset also has what we call an SDG Roadmap, with clear targets and actions to be implemented by the project company. Adequate incentives are in place both for the investment team and for the portfolio company to deliver on these targets.
Q: What differentiates Meridiam from other African infrastructure-focused fund managers?

We are on the ground and have vast development expertise through our team and network of industrial partners. We have one of the largest Sub-Saharan African teams (in Addis Ababa and Dakar) and they are skilled individuals who are close to the assets, clients, and partners. This allows timely and locally attuned development decisions for a differentiated outcome. Our global presence also allows us to bring the best experience to the project as needed.

Q: In your view, what are the key drivers of demand in the infrastructure space?

Demand is being driven by the underlying economic growth in African economies as well as the need for Governments to diversify against infrastructure funded by the public balance sheet.

Q: What is your outlook for the industry, and what are Meridiam’s plans for the next 12 months now that the global economy is in recovery?

Our outlook is positive. COVID-19 has shown the resilience of the asset class, and in some sub-sectors, the essential nature of some types of infrastructure. We are already seeing governments visit or revisit their infrastructure planning.

We continue to grow and harness the opportunity to support the global recovery by delivering the infrastructure we focus on. We are working on our future development both in Europe and Africa and expecting to invest as much in 2021 as we did in 2020 (over US$7bn).

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Visit the website to learn more about Meridiam: www.meridiam.com

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