



# AVCA Member Profile: Kusuntu Partners



**Kusuntu Partners (Kusuntu) is a Paris-based advisory firm specialising in assisting private institutions to access the vast investment opportunity set in Africa. Kusuntu helps both investors identify Africa-focused private capital products that suit their investment objectives, and Africa-focused private capital funds to access the community of Limited Partners (LPs) in France and Europe, beyond the Development Finance Institutions.**

Kusuntu has been a member of AVCA since its inception and we speak with Jean-Luc Koffi Vovor, Kusuntu's Managing Partner and co-Founder, about how Kusuntu is supporting the growth of the private investment industry in Africa.

**Q: The genesis of Kusuntu is an inspiring one. Can you tell us about how Kusuntu came to be and how you are helping to grow the private capital industry in Africa?**

A: We started as a partnership of globally experienced African diaspora and a like-group of non-African sympathisers who all shared the goal to act and promote the development of Africa through private capital investment. By combining our African roots, our deep understanding of the continent and the networks we have developed within Africa, Kusuntu has positioned itself as a gate-keeper of choice between African general partners (GPs) and the international LP community.

The core team of Kusuntu Partners comprises five partners with a strong business network in Africa. We have also created a large pool of people under a think tank and advocacy umbrella group – known as Kusuntu-le-Club – which shares ideas on what should be done to bolster international private capital investment into African businesses.

We are convinced that Africa is the 21st century driver of growth worldwide, and we believe Africa has been - and is still - suffering from a relatively negative media perception that does not reflect the reality of Africa's economic potential. This is a constant challenge and something we are aiming to improve.

We work to highlight the increasingly viable and flourishing private capital ecosystem in Africa. We have built a directory which illustrates the landscape to investors, highlighting the key players and their

## Kusuntu Partners

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**Jean-Luc Koffi Vovor**

Managing Partner and co-Founder  
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investment strategies, and for LPs, the funds in which they have invested.

We have also developed a guide to investing into companies in Africa, and we've contributed to the development of industry publications. As we know, it is so much about connecting with the right networks, so, like AVCA, we also organise professional events where industry practitioners can share their experiences with the prospective investors.

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**Q: What is your perception of the current industry dynamics in Africa – where are the opportunities?**

A: Despite our view that Africa is increasingly gaining in prosperity, today I fear that a bubble might be forming at the larger deal size end of the market. Given Africa's relative economic nascence, larger transactions tend not to be as prevalent, and with a number of the larger global GPs entering the market, we may see an increase in prices for the larger assets in the short-term.

Having said that, the segment of the economy where the most funding is needed, and where most of the private equity deals take place in Africa, is the small and growing businesses (SGBs) segment. AVCA estimated that of the 53 investments that occurred in Africa in 2013 which disclosed terms, at least 53% of those were into SGBs (as defined by an investment size of below US\$10 million).

The majority of players in Africa, and indeed globally, recognise that SGBs are the businesses that are driving the vitality of the economy. However, our current ecosystem of funds and level of investment still doesn't adequately address the growth capital needs of this segment. Recent statistics estimate that there are approximately 2 million SGBs formally registered in Africa that are looking for private capital investment. In addition, there are some 6 million unregistered SGBs currently in operation on the continent – the opportunity is huge.

With the increased focus on Africa over the last five years, now is the time to support the creation of new local teams managing smaller size funds who can address this segment. I believe that there is also the opportunity to engage the increasing number of funds-of-funds focusing on Africa to enable investments from larger pools of capital into the SGB segment.

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**Q: What are some of the challenges we face in attracting more capital to the continent and how is Kusuntu helping to connect capital with investment opportunities?**

A: We think there are still a few challenges to investing in businesses in Africa, on top of the

relative mis-match in perceptions of relative risk in Africa. One challenge when on-the-ground can be the relative lack of understanding by African entrepreneurs of the growth and development potential of being backed by a private equity fund. Additionally, investors also need to have the confidence that the funds they are committing their capital to will have access to sufficient deal-flow and be able to deploy capital as rapidly as possible within their investment objectives.

To assist in matching capital to opportunities, Kusuntu has recently launched a new service that will help support SGBs who are seeking investment from African private equity and venture capital funds. It's a service that we hope becomes an effective exchange of opportunities to enable investment- and deal-sourcing to be more efficient across a 54-country continent characterised by infrastructure and geographic challenges.

To increase its effectiveness, our exchange initially 'screens' SGBs opportunities to ensure they meet certain desirable investment criteria. For example, they need to have been operating for at least three years, be achieving a minimum annual gross revenue of US\$400,000, and be seeking growth capital of between US\$ 100,000 to US\$5 million. We hope this provides an efficient intermediary tool for the industry, and we look forward to reporting on successful investments executed as a result of the platform.

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**Q. What's your outlook for the industry?**

A: Looking forward, we think the continent needs more GPs and more focused funds to attract additional levels of private capital to the right places. We hope more French GPs will look to pursue opportunities on the continent following the establishment of the France Africa Foundation for Investment.

In order to demonstrate the opportunities for investment and returns in Africa, we need to leverage existing organisations such as AVCA to increase the understanding of the asset class amongst African entrepreneurs, investors and regulators.

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