



AVCA Member Profile:



Jackson, Etti & Edu



Jackson, Etti & Edu is a leading full-service commercial law firm that covers West Africa from its three offices in Nigeria and an associate office in Ghana.

Celebrating its 20th Anniversary, the firm is recognised for its high calibre professional services, drawing on a unique knowledge of the business environment and socio-political climate in Africa.

AVCA talks to Koye Edu, Managing Partner, and Folasade Olusanya, Partner, about their experience in private equity over the past 20 years

Q: Tell me about the history and reach of the firm.

A: The firm started in 1996 as Etti, Edu & Co., with six young lawyers who took a leap of faith to start a small boutique firm. We grew rapidly but later realised that we needed a little bit of grey hair and depth, so we merged with Norma Jackson-Steele in 2000, a firm at that time with over 20 years of corporate commercial legal advisory experience.

The firm has always had an international outlook, advising clients in Europe, South Africa, and the West Africa sub-region, including Benin Republic, Cameroon, Côte d'Ivoire, Gambia, Ghana, and Nigeria. We have also developed networks across the continent by advising international clients in diverse jurisdictions and referring them to other professionals whom we know and trust.

Q: As a West African law firm advising on private equity, what distinguishes you from your peers?

A: In the late '90s, we recognised private equity and its potential to stimulate growth of the Nigerian economy as an asset class ahead of our peers in the industry. We have been involved in private equity since the early days of the Development Finance Institution's investment in Nigeria's first indigenous private equity fund. In the mid-2000s, we played an active role in the fundraising process by indigenous private equity firms through Small & Medium Enterprise Equity Investment Scheme (an initiative of the Banker's Committee to invest 10% of profit after tax of commercial banks in small & medium sized enterprise). Therefore, our legal knowledge is comprehensive and vast.

We are also a local firm. This helps our understanding of regulation and policy, which we use to our clients' advantage. We identify the regulatory minefields ahead of time and advise clients on how to structure transactions in order to illustrate to the regulators how the investment will have a positive impact on the economy and wider society.

Celebrating



ANNIVERSARY

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– Koye Edu

Managing Partner

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The firm has done this for financial services (banking, insurance and pension), oil & gas, manufacturing, media & entertainment and healthcare deals in Nigeria, as well as the pharmaceutical, IT and oil & gas sectors in Ghana. We assist the client through the life cycle of the transaction process, starting from the set-up of the fund, particularly Nigeria-focused funds that can raise capital from Nigerian pension funds. Finally, we advise on fund investment due diligence as we conduct thorough and risk-focused legal due diligence investigations that ensure an attractive entry price for our clients.

Q: How do you think the opportunities for private equity in Africa have evolved over the past 20 years?

A: Overall, the skill sets necessary for a thriving private equity industry have emerged. We have seen Africans who left the continent for more developed countries, where they acquired private equity expertise, are now returning to set up funds, advisory firms and operating companies. On the corporate side, there has been consolidation in some sectors that were previously highly segmented, such as financial services (particularly banking, insurance and pension). This has created a scale that is attractive to private equity investors.

The private equity model has also adapted to Africa. It has been observed that some African owners do not want to give away equity, and many funds have adapted to this by operating as mezzanine funds that can provide private debt to African Companies. The effect of this adaptation is that more Africans have embraced private equity. We have also seen a geographical shift whereby interest in private equity on the continent has shifted into West and East Africa. Consequently, there are more West Africa-focused funds than before, and the Africa-focused funds have made significant investments in these sub-regions.

Q: What have been the most significant legal and regulatory developments for the West African private equity industry?

A: The most significant legal and regulatory development is the recognition by the National Pension Commission (PenCom), of private equity as an asset class for the investment of pension funds. The Regulation on Investment of Pension Fund Asset 2012 permits the investment of up to 5% of pension funds in Private Equity funds that are Securities Exchange Commission (SEC) registered and managed by SEC-licensed managers with a minimum of 75% of the private equity fund to be invested in Nigeria.

The 2015 draft Regulation on Investment of Pension Fund Assets proposes to amend the minimum of private equity fund to be invested in Nigeria from 75% to 60%, thus permitting more of the funds to be invested abroad.

Also, in 2014 the Federal Government of Nigeria recognised the impact of private equity on economic development by inaugurating a committee to develop a framework for attracting private equity and venture capital in the country. It was reported that the terms of reference of the Committee are to assess the current regulatory environment and legal framework for private equity and venture capital in Nigeria and make recommendations regarding changes necessary for catalysing development of the industry to compete with others in Africa. In the same year, SEC made provisions for the registration of private equity funds desirous of raising funds from the Nigerian Market. The SEC Rules apply to private equity funds with a minimum commitment of NGN1bn (US\$3.3mn) of investors' funds.

In 2015, SEC issued Rules on Trading in Unlisted Securities which seeks to provide a platform for the buying and selling of securities of unquoted/unlisted public companies, thus facilitating transparency, market efficiency and providing a means of exit for the private equity investors.

Q: How do you collaborate with international and local law firms?

A: We work with international and local law firms on several private equity transactions. Some of the legal documentation used in the transactions are under English law, so collaboration with English law firms is essential. We cooperatively structure the private equity transaction and conduct the due diligence investigations, as well as assist in obtaining regulatory approval. Across the African continent, we often refer work to trusted local firms who will do the local work, while we work together with the English lawyers on the legal documentation and transaction structuring.

Q: How do you think the firm will develop in the coming years?

A: We have developed an excellent track record of advising on complex Private Equity transactions within Nigeria and the West Africa Sub-region. Our expertise in this regard has been recognized as our Firm was awarded the Private Equity Firm of the Year by Corporate INTL in 2010 and the Nigerian Legal Awards for two consecutive years (2015 and 2016). Given this, in the coming years, we intend to strengthen our internal processes by benchmarking best practices of international law firms. We also plan to move to an industry-focused model by creating industry teams for the first time, covering Energy, Fast Moving Consumer Goods, Financial Services, Pharmaceuticals & Healthcare, Real Estate, and Technology, Media & Entertainment. We are certain that the next few years will be very exciting for us.

Q: How will Jackson, Etti & Edu be celebrating its 20th anniversary?

A: We are having three events: a client dinner in London, a charity walk in Lagos to support the fight against cancer, and a party in Lagos for our staff, alumni, family and friends.