



**Paul Kokoricha**  
Partner and Fund  
Manager, CAPE Funds



**Ron Mincy**  
Partner, Deal Team and  
Investor Relations

African Capital Alliance (ACA) is a leading African investment firm sponsoring funds and managing investments in Sub Saharan Africa, with offices in Mauritius, Lagos and Accra.

A market pioneer focused on growth equity and real estate investments, ACA was founded in 1997, with aggregate capital commitments from investors, growing from US\$35mn to over US\$1.2bn in 24 years.

**AVCA speaks with Paul Kokoricha and Ron Mincy about the evolution of private equity in West Africa and the importance of value creation when preparing investments for exits.**



**Q: Tell us more about the history of African Capital Alliance? What led to the firm’s establishment?**

**Paul:** African Capital Alliance is a market pioneer and leading Africa-focused investment firm, with offices in Mauritius, Ghana, and Nigeria, and investees with presence across sub-Saharan Africa. ACA was established in Nigeria in 1997, by a visionary group of professionals, at an interesting time in the country’s history, just preceding its transition to democratic rule under its current republic. At the time, ACA was the first private equity firm in Nigeria and possibly West Africa.

ACA’s founding partners are prominent business leaders, who along with others worked to build public-private partnerships to drive economic and regulatory reforms, and to foster the right ecosystems for business and private investment in Nigeria. Our founders recognised private equity’s potential to catalyse inclusive economic growth across Africa by providing capital and management support to unlock private sector potential. Over 24 years later, it is gratifying to see how much the private equity industry, in partnership with our investors, continues to contribute to driving economic growth, creating jobs and creating long-term impact in Africa.

**NAME OF FIRM**

African Capital Alliance (ACA)

**FIRM TYPE**

General Partner

**PROFESSIONALS FOCUSED ON AFRICA**

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**Q: What distinguishes African Capital Alliance from other private equity firms in the market?**

**Ron:** As a firm, ACA is now in its third decade of investing in Africa and by virtue of our extensive experience, we have developed a deep knowledge of how to navigate the sometimes-complex macro environment in our markets, across market cycles. Underpinning that is the firm’s long-standing reputation for its high ethical standards and strong ties to the local business community in the markets where we operate. We have had several successes and we also have lessons learned, all of which have shaped a thorough understanding of the market and variables that can affect investment results.

These lessons learned have helped sharpen our ability to see around corners and identify investment trends that that are regionally scalable.

As part of what is now the third generation of Partners in the firm, I can personally attest to the legacy of the firm's commitment to a set of core values that have defined its culture since inception. At the same time, the firm's commitment to continuous learning and best practices has informed our ability to evolve our investment strategies and diversify our team to remain relevant for our markets and our investees.

Over the last 24 years, ACA has built a unique platform across its private equity, real estate and asset management businesses. The activity across these businesses continues to generate insights and relationships that are additive to sourcing and executing transactions. Our team of professionals and sector specialists bring a range of international and local experience in investing, professional services, banking, and operations in the sectors in which we invest. Many of our professionals have longstanding relationships that pre-date their tenure with ACA.

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**Q: In your view, how has the private equity industry in West Africa evolved since African Capital Alliance was set up?**

**Paul:** The industry has certainly grown and evolved positively in terms of the number of managers that are active in specific West African countries and the region as a whole; the breadth of strategies offered, and the diversity of our investor base.

In many ways, the evolution of the private equity industry in West Africa reflects the range of opportunities in the region. For instance, the emergence of Nigeria as a major tech hub in Africa has created interesting deal flow for players in that sector – including providers of venture capital, growth equity and strategic investors looking to enter or expand their presence in the region.

We have also seen the growing relevance of local providers of capital, including our pensions industry, in the private equity industry. Overall, the industry has matured and continues to evolve innovative strategies and structures that are responsive to our unique requirements in the region.

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**Q: What makes Nigeria an attractive destination for private investment, and what are some of the challenges of investing in Nigeria?**

**Paul:** Nigeria's demographics and the scale of opportunities offered by its growing economy are well-known themes. Even with the dampening effect of the pandemic on economic growth, Nigeria remains Africa's largest economy, with nominal GDP of US\$443bn in 2020. The scale and scope of the Nigerian economy and its population create attractive, scalable opportunities

for businesses operating in sectors closely tied to the growth and the increasing demands of the country's largely youthful population. With ACA's vantage position, given our long-standing presence in Nigeria, we are quite familiar with what it takes to build businesses with potential to be market leaders and to foster opportunities in those companies to rationalise operations, improve performance, satisfy underserved consumer demand, and generate strong top-line growth.

However, for Nigeria to fully optimise these opportunities, we need to see improved traction on initiatives to address some of the biggest risk factors associated with investing and doing business in Nigeria.

Recently, the more critical challenges have been in the areas of currency volatility and liquidity in the FX markets, as well as the escalating security issues in some parts of the country. These are two areas where there is clear urgency in terms of the need for appropriate policy responses and interventions.

More broadly speaking, economic cycles are a global phenomenon and private investors typically recognise the need for mitigating strategies to manage cyclical downswings assuming a backdrop of the right monetary and fiscal responses is in place.

**Ron:** We have seen some traction in terms of commitments to initiatives to address the infrastructure gap in Nigeria. For instance, the recent launch of an infrastructure company with initial seed capital of US\$2.4bn, which is being set up in partnership with the private sector and is expected to grow its capital and assets to NGN15trn over time, to fund public projects like roads, rail and power infrastructure. Initiatives like this also create additional interesting opportunities for private investment in Nigeria.

Given the scale of the economy and development needs, there also exists the opportunity for Nigeria to be leader on the continent in embedding sustainability themes with growth. The dynamic nature of the private sector and entrepreneurs in the country are compelling and have already yielded important progress in areas such as financial inclusion which has been core investment theme for ACA.

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**Q: What kind of exits do you aim for and how do you prepare your investments for exit?**

**Ron:** Delivering liquidity and exiting investments in a timely manner is one of the major challenges in private equity investing in developing markets, and it goes without saying that it is important to develop an exit strategy early in the life of each investment. ACA seeks to identify multiple paths to achieving liquidity and to prepare our investments for exit through pre-identified liquidity and exit options that are built into the agreements at the point of negotiating a deal. Liquidity and exit options are therefore thoroughly evaluated as part of the investment due diligence.

In addition to traditional exit routes of IPOs and trade sales, some structuring arrangements have been helpful in generating early liquidity and mitigating reliance on a single exit event. More important, however, is the work we do in collaboration with the management teams we back to create value and position our investments for an attractive exit or liquidity event. As private equity managers, this is core to what we do – working with our investees in an operative manner to identify and implement initiatives to drive innovation, top or bottom-line growth, expansion into new markets and businesses, as well as to grow capacity and improve operational efficiencies. Value creation is the most important lever in preparing investments for exit.

The evolution of the private equity industry in West Africa reflects the range of opportunities in the region. For instance, the emergence of Nigeria as a major tech hub in Africa has created interesting deal flow for players in that sector.

**Q: Now that nations are taking steps towards recovery post-COVID 19, what is your outlook for the industry going forward? What does that mean for African Capital Alliance?**

**Paul:** The industry has played a positive role in this regard – private equity investors have taken the lead in providing technical support and funding to support investees, particularly in the earlier stages of the pandemic when businesses had to deal with significant challenges in what was truly uncharted territory. These interventions have helped to protect jobs and livelihoods through a period of global uncertainty and declining growth.

Looking ahead, we recognise some of the opportunities that have been substantiated by the post-COVID outlook – including opportunities in the digital economy, value offerings and opportunities that enable import substitution.

**Q: How has AVCA been of value to you?**

**Ron:** AVCA provides the industry with a valuable platform to engage and collaborate, particularly on a pan-regional basis across the continent. Our teams value the access that AVCA provides to market relevant data and insights including bespoke analysis. We are pleased to see AVCA championing initiatives to improve the availability of benchmarking data and industry learnings for private investors in Africa.

Want to learn more about African Capital Alliance? [Click here](#) to explore AVCA's Member Directory.

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