NAVIGATING OPPORTUNITIES & RISKS IN AFRICA

EXPERTS WITH IMPACT
The African growth story is not homogenous; it takes place in many different centers, with multiple participants, regions, cultures and languages involved.

What Africa provides to investors, both from within the continent and from without, is an opportunity to participate in these new frontiers as the continent looks to capitalize on its population dividend.

Being a part of any growth story involves very real challenges. Investors need to understand the markets, the people and the regulatory and political landscapes of the countries and industries in which they plan to invest and, in a diverse and rapidly changing environment, the need to understand what is taking place in real time is increasingly important.

FTI Consulting, with its experience in navigating and managing risks in these dynamic, evolving landscapes, is ideally placed to help companies maximize the opportunities that Africa offers.

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The African continent and its diverse peoples, lands and opportunities have appealed to both entrepreneurs and investors for hundreds of years.

For those who are properly briefed and professionally equipped, the risks can be more than compensated by the varied and rewarding opportunities, which are perhaps now more convincing and compelling than ever before. Recent and sometimes painful economic and geopolitical developments on the continent – and worldwide – are proving to be powerful catalysts for the sovereignty, development and the diversification of a number of African countries, who are now committed to determining their own agenda and future.

FTI Consulting has been active in Africa for more than a decade and has witnessed a significant increase in the volume of work in recent years.

We have had offices in South Africa since 2005 and in response to increasing demand for our services, we established a dedicated economic and financial consulting practice in 2015 and a forensics and litigation consulting practice in 2017, alongside our existing strategic communications business.

FTI Consulting has four decades of experience in making an impact on some of the world’s largest and most complex challenges, many of which have dominated global business, financial and public policy discourse. Every year, we help more than 5,800 organizations transform the way they anticipate and respond to events, both at critical moments and for the long haul.

We are committed to building our understanding of the constantly transforming African continent and continue to invest in our offices in Johannesburg and Cape Town as well as our network of strategic communications affiliates across the continent. We welcome the opportunity to work with businesses already in Africa and those waiting to get there, and to navigating the risks and opportunities of African markets together.

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With a population expected to more than double by 2050 to approximately 2.5 billion, Africa offers significant rewards for those companies and investors willing to take on the undoubted risks.

So now, more than ever before, it is crucial that companies operating in Africa know how to effectively navigate the impact of political risk and legal, regulatory and policy developments on their short and long-term strategies.

Africa is both one of the world’s most difficult places in which to do business and also the one with most potential.

Africa’s Predicted Population Growth
Why FTI Consulting?

As an award-winning global consultancy firm, clients benefit from our multi-disciplinary expertise, commercial approach, depth of experience and local cultural awareness.

**African expertise** – deep understanding and experience of the continent’s complex and often opaque business environment.

**Innovative technologies** – including our market-leading document review platform Ringtail™, which helps streamline investigations, litigation and regulatory inquiries.

**Independence** – with no audit practice, we are largely conflict free and can give impartial advice.

**Integrated** – our professionals from different disciplines work collaboratively, pooling specialist expertise and skills to deliver the best solutions for clients.

**Commercial** – delivering practical advice and support that reduces demands on management and minimizes disruption to the business.

**Industry expertise** – our teams include experts across various sectors including energy, mining, manufacturing, aviation, infrastructure, transport and telecommunications.

**Accessible** – clients have ready access to our team, including senior team leaders, to deliver the insight and assistance you need when doing business in Africa.

**Global footprint** – as a global consulting firm with offices in 29 countries, FTI is able to draw on the full scope and scale of its expertise and experience worldwide.
Support Across the Business Life Cycle

FTI Consulting’s expertise means that we can deal with any stage of the Business Life Cycle.

The scale, scope and depth of FTI Consulting’s expertise means that we can deal with the full implications of any challenge and opportunity that might arise when doing business in Africa. Whatever help you need, our multi-disciplinary team offers support across the business life cycle, tailoring our services to match your specific requirements.
CASE STUDY

Multi-Disciplinary Support, Algeria

FTI Consulting was retained as a financial advisor in the $2.6 billion acquisition of 51% of the share capital of Omnium Telecom Algeria, formerly known as Orascom Telecom Algérie (“OTA”), the then leading mobile phone operator in Algeria, by the Fonds National d’Investissement, a strategic investor controlled by the Algerian state.

Before the transaction could be finalized it was necessary to resolve a number of complex issues, including several ongoing disputes between OTA and the Government of Algeria, the determination of the final transaction price and its governance structure.

FTI Consulting put together a multi-disciplinary team with expertise in corporate finance, due diligence, valuation and forensic accounting to perform financial and operational due diligence in relation to OTA, provide ongoing valuation advice, and give extensive support to many aspects of the lengthy and complex negotiations. The deal closed successfully in January 2015.

Our Media and Investor Relations teams then worked with the company ahead of its listing on both the Nasdaq Dubai and Egyptian Stock Exchange – the first dual listing of this kind. We developed a bespoke Gulf Cooperation Council (GCC) media strategy, focusing on tier 1 print and broadcast media to address both Arabic and English speaking audiences. The listing was a success with the share premium achieved on Listing Day and significant coverage across the GCC region and Egypt.
Investment
Pre-Transational Due Diligence

When considering an important transaction, good information is crucial in terms of strategy, compliance and reputation. Our support has helped inform the investment decisions of large banks, corporates and government institutions across Africa.

GETTING THE TRUE PICTURE
Our forensic accountants can examine a company’s structure, ownership and state of health, and provide an accurate status report. We can also apply wider economic analysis to assess the overall market forces likely to influence a potential opportunity. For instance, what is the political vulnerability of a local partner? Are there corruption or sanctions issues connected to the company? Are there reputational risks associated with current practices or legacy operations? We can also help investors understand the legal and regulatory obligations and how these vary between countries.

VAST NETWORK OF SOURCES AND RESOURCES
We deploy a range of discreet in-country sources across the continent including senior decision makers, journalists, government and non-government organizations, regulators, industry sources and law enforcement agencies to build a comprehensive picture of relationships and issues. We also thoroughly search a range of sources, including public archives, litigation filings, credit records and social media, and have access to business intelligence not always publicly available.

NAVIGATING SANCTIONS
Certain African states are subject to multiple sanctions regimes, including the US, EU and UK. Our experts can investigate potential breaches and monitor compliance within entities that have been recently acquired by clients in the region or parties who have presented themselves as potential business partners.

COMMUNICATING TO STAKEHOLDERS
Communications are key to the success of many transactions, from buying or selling assets to launching a new business, protecting an entity’s value or working with investors. Our communication specialists have the expertise and practical experience required to communicate the messages that will help you achieve your goals.
CASE STUDY

Due Diligence Investigation, Nigeria

FTI Consulting was engaged by an investment firm to conduct discreet source inquiries and public record investigations into an individual in Nigeria. The client was considering investing jointly in a company with the subject and, particularly given the risks often associated with doing business with high profile individuals in Nigeria, was keen to take steps to avoid any potential reputational or regulatory risks.

Our due diligence and source inquiries uncovered a considerable body of anecdotal material linking the subject to money laundering activities and corrupt political officials. The subject had never faced charges or censure for his activities; however, some of our sources believed evidence of wrongdoing may exist. We advised the client to exercise caution in their dealings with this individual as our investigation suggests there could be further allegations in the future – particularly if a change of government or status quo led to fresh revelations or firmer evidence.
Investment
Strategy and Market Entry

When local business norms are built on opaque relationships, and the line between politics and commerce is blurred, wrong decisions can destroy an investment or potentially result in regulatory action. However, if verifiable information is hard to come by, how do you build an objective basis for making the right decisions?

SETTING THE SCENE
Our specialists ensure that information is assessed against the political, economic and cultural context of the country or region, and can offer ongoing briefing support throughout the decision-making process. Our experts have also accompanied executives for important negotiations, helping our clients understand the real power and interest structures at play in a negotiation process. This intelligence and expertise can shape an effective and compliant strategy, helping clients successfully enter the most challenging markets.

INTELLIGENCE-LED RESEARCH
With a team built on in-country experience and expertise, and well-tried networks of sources at all levels, our intelligence-led research helps clients make informed decisions. We regularly support international clients looking to enter markets in Africa, including:

- Mapping and analyzing the networks and relationships at play in a given market or sector
- Assessing the extent to which a sector or licensing process is corrupt
- Advising on the political risks and vulnerabilities associated with an investment
- Analyzing the potential effects of changes in government or regulatory regimes
- Identifying the informal linkages and interests that stand behind key officials or stakeholders
- Investigating the backgrounds of individuals or entities
FTI Consulting was engaged by an investment client proposing to review its sub-Saharan Africa mining portfolio. The client intended to undertake a study of the operating environment of a selection of countries across the continent, including Angola.

The client commissioned FTI Consulting to support its team members traveling to Angola by providing a stakeholder map of the key politicians, regulators and industry power-brokers and by identifying issues relating to corruption, political stability and regulatory risk.

Through discrete conversations with well-informed individuals in Angola, FTI Consulting identified three key individuals who held ultimate decision-making authority over the mining sector, including Angola’s President, Jose Eduardo dos Santos.

Using public record research and inquiries with well-placed contacts in Angola, FTI Consulting was able to provide an assessment of the prevailing risks faced by international companies operating in the Angolan extractive sector.
Overcoming Challenges
Investigations

Operating in different jurisdictions can heighten the risk of fraud, corruption or financial malfeasance. If you suspect wrongdoing, our team can act quickly to discreetly and sensitively conduct an investigation, safeguard assets and establish the facts.

INVESTIGATING THE FACTS
We evaluate external information, analyze corporate books, records and electronic information, as well as conduct employee interviews. We also assist with complex accounting and reporting requirements that arise from situations occurring outside the normal course of business or that may be unique to an industry. Our comprehensive research capabilities can help inform the case strategy at the outset of an investigation. Using sophisticated analytical tools and innovative forensic technology, we can deal with all forms of data and any size of data set. We are also able to assist with the cross-border preservation of evidence.

LOCATING OFFSHORE ASSETS
Both corporate entities and individuals from African countries often locate holding companies in offshore jurisdictions, such as the British Virgin Islands (BVI) and the Cayman Islands. Lack of publicly available information and complex group structures enable sophisticated parties to conceal the location, source and ownership of assets. With offices in the BVI, the Cayman Islands and across the world, our investigation team has a proven track record of recovering assets offshore, using a combination of investigative skills, market intelligence and leading technologies.

INSOLVENCY
One of the most effective ways of advancing an investigation is to gain access to internal records via insolvency proceedings. We can support Receivers, Liquidators, Business Rescue Practitioners and the like who have powers to gather information that is not publicly available, and to identify and take possession of assets. While these powers can vary according to jurisdiction, through FTI’s global investigative capabilities we can help uncover significant amounts of additional information and/or assets. We have extensive experience in contentious cross-border insolvency, including African jurisdictions, involving fraud investigations, litigation, shareholder disputes, asset tracing and realization of complex and illiquid assets.
**CASE STUDY**

*Pre-Acquisition Investigation, Nigeria*

Following an initial pre-transactional due diligence investigation conducted by FTI Consulting’s Africa team into a large Nigerian financial services provider (the ‘Nigerian Bank’), our client, a large western bank requested that we conduct an investigation into the Bank’s Nigerian Registrar and the company’s two subsidiaries.

While our investigation identified no obvious reputational concerns relating to the subjects, we were able draw the client’s attention to several key matters, including that the Nigerian financial services provider had divested its subsidiary, the Registrar, to comply with the changes in Nigerian banking regulations, but the Registrar was instead sold to current and former directors of the Nigerian Bank: which had not been disclosed. As such, there had been no substantive changes in the company’s board composition or management structure and the company continues to associate explicitly with the Nigerian Bank. In addition, two of the Registrar’s subsidiaries were owned and controlled by the former owner of the Nigerian Bank which retained influence over them.
CASE STUDY
Corruption Investigation, France and Kenya

FTI Consulting was engaged by a French multinational with businesses in a number of sub-Saharan African countries. The head office had received an internal whistleblower report in relation to one of its East African businesses alleging that a number of the entity’s managers had been involved in bribing government employees in order to obtain the renewal of one of its government contracts.

After undertaking initial inquiries to understand the nature of the business in East Africa, FTI Consulting carried out a detailed review and analysis of the financial evidence. We also advised the company on implementing a control structure to prevent such allegations from arising in the future.
Prevention
Risk Mitigation

The complex business environments which exist across Africa can find themselves to be at odds with international anti-corruption laws and regulation. However, failure to comply means companies risk severe penalties and damaged reputations. We can develop compliance programs that help minimize risk, protect reputations and demonstrate effective corporate governance.

LEADING THE WAY IN ANTI-CORRUPTION
Transparency International’s Corruption Perceptions Index frequently puts African countries in the bottom half of its rankings. Our team has global capabilities in anti-bribery and anti-corruption services to help companies investigate, mitigate and prevent corruption issues. We have led over 300 multi-jurisdictional Foreign Corrupt Practices Act (FCPA) and UK Bribery Act (UKBA) cases and regularly work with international regulators such as the UK’s Financial Conduct Authority and Serious Fraud Office and the Department of Justice and Securities Exchange Commission in the US.

REDUCING RISKS
We regularly work with lawyers and their clients to identify and mitigate the risks of corruption, fraud and financial crime by implementing and developing effective compliance programs, including:

• Conducting enhanced due diligence on high-risk third parties
• Managing third party risk using our online compliance tool,
• FTI Comply, that automates much of the process
• Reviewing pre- and post-acquisition compliance
• Developing e-learning modules that clients can use to train staff about corruption risks
• Conducting interviews and workshops with client’s senior management team and other select employees, to identify relevant risks and high-risk transactions in day-to-day business operations
• Training staff in the handling of a corruption incident
• Evaluating existing compliance programs and making recommendations for enhancements
• Implementing fraud protection strategies
• Developing and implementing modified systems, controls and corporate practices
• Monitoring and testing policies and procedures
• Providing relevant management information to the board
CASE STUDY

Anti-Corruption Audit, Africa

FTI Consulting has conducted a number of anti-corruption compliance and finance reviews for an alternative energy company, including two of its assets in West Africa.

We designed a forensic audit protocol and internal audit program to test for the business unit’s compliance with the company’s policies and procedures as well as its compliance with best practice.

Our work included performing on-site transactional testing and interviews in Senegal and Rwanda, and providing recommendations in respect of the company’s policies, procedures and business practices to make them more robust.
CASE STUDY

FCPA Investigation, North Africa

FTI Consulting was retained by independent counsel to a diversified manufacturing company to investigate potential violations of the US Foreign Corrupt Practices Act (FCPA), local anti-bribery laws and allegations of terrorist financing. Our forensic investigation involved financial analyses, systems and controls reviews and transactional testing. In addition we provided forensic technology and investigative due diligence support. We reviewed transactions relating to several North African countries and reported our findings to outside counsel.
FTI Consulting has a global presence of 81 offices in 29 countries. In cities where it does not have direct representation, the Strategic Communications practice has established and developed a unique and extensive network of affiliates with whom it works.

A rigorous selection process has allowed us to build both industry and interdisciplinary expertise, so that clients have access to professionals who are focused on their particular sector, have a broad network of relationships with key local and international influencers and who provide excellent counsel based on localized and in-depth industry knowledge and experience.

A BESPOKE AFFILIATE NETWORK
- Hand-built, battle-tested and proactively recruited and managed
- Annual Due Diligence/Anti-Bribery & Corruption training
- Online knowledge and resource centers
- Commercial and legal agreements all in place
- Built-in measures to manage potential conflicts and related matters
Our Experts

Forensic Investigation Experts

Andrew Durant  
+44 20 3727 1144  
andrew.durant@fticonsulting.com

John Gilkes  
+1 202 312 9177  
john.gilkes@fticonsulting.com

Calvin Isaacs  
+27 82 442 2658  
calvin.isaacs@fticonsulting.com

Stephanie Lhomme  
+33 1 5305 3649  
stephanie.lhomme@fticonsulting.com

Petrus Marais  
+27 79 515 9469  
petrus.marais@fticonsulting.com

Irumire (David) Okhumale  
+1 202 312 9137  
irumire.okhumale@fticonsulting.com

Helena Potgieter  
+27 72 697 3652  
helena.potgieter@fticonsulting.com

Johan van der Walt  
+27 83 325 0033  
johan.vanderwalt@fticonsulting.com

Pamela Wadi  
+44 20 3727 1742  
pamela.wadi@fticonsulting.com
ABOUT FTI CONSULTING

FTI Consulting is a leading provider of multidisciplinary, independent investigative, forensic accounting, and computer forensic & analytic services to the global business and legal community. Our experience in providing a variety of services in connection with complex multi-jurisdiction corruption engagements enables our team to quickly assess a situation and design appropriately scaled work plans to be performed in a phased and cost-effective manner. In short, we:

- Provide independent, multidisciplinary teams consisting of former “Big 4” auditors, forensic accountants, former federal and state prosecutors, former regulators, former law enforcement officials, investigative researchers, and computer forensic and data analytic specialists

- Possess the expertise required to unravel the most complex financial transactions, perform fact-gathering, reconstruct records, trace the movement of assets, identify internal control weaknesses and recommend remediation strategies

- Provide the accounting expertise to analyze the impact on financial reporting and disclosure requirements, offering our extensive assistance in navigating the complexities of regulatory compliance

- Concurrently offer industry leading electronic evidence services that identify, preserve and collect relevant information and analyze complex data within enterprise systems

- Offer a worldwide presence with 81 offices located in cities throughout North America, South America, Europe, Africa, the Middle East and Asia
A LEADER AMONG LEADERS

Advisor to the world’s top 10 bank holding companies

56 of Fortune Global 100 corporations are clients

With more than 3,600 Consultants & Professionals and offices in 29 countries on six continents, our breadth and depth extends across every major social, political and economic hub around the globe

Trusted advisors serving clients globally with diverse expertise and exceptional credentials – including accountants, economists, engineers, former CFOs and strategists

Combines unparalleled expertise and industry knowledge to address critical challenges for clients

Our largest industry groups are:
Energy, Power & Products; Financial Institutions & Insurance; Healthcare & Life Science; Public Sector; Real Estate; Retail & Consumer; and Telecom, Media & Technology
We deploy more than 3,600 Consultants & Professionals in 29 countries from every major financial center to every corner of the globe so that we can serve our clients wherever challenges and opportunities arise.
About FTI Consulting

FTI Consulting, Inc. is an independent global business advisory firm dedicated to helping organizations manage change and mitigate risk: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. Connect with us on Twitter (@FTIConsulting), Facebook and LinkedIn.