About KPMG

- Affiliation of national and supra-national partnerships in 146 countries
- Provides professional services (audit, tax and a range of advisory services) to corporate clients across all sectors
- Member firms not connected by ownership or control but share brand, technical and training resources and agreed ethical / regulatory rules and standards
- KPMG role in import and export of services:
  - Some clients import services directly from KPMG firms in multiple countries
  - Many contract with one member firm which sub-contracts / imports from other firms
  - KPMG regional / global service centres provide shared services globally
- Main import-export corridors for professional services
  - US-Europe-Japan-China-AsPac
- Main central service exporters
  - India (KGS - >10,000 employees)
  - Hungary (KGSH)
  - Malaysia (AsPac compliance centre)
KPMG in the LDCs

- Of the 46 LDCs KPMG has physical offices in 12, including multiple locations in 2 (Mozambique & Bangladesh)
  - Angola
  - Bangladesh (2 offices)
  - Cambodia
  - DRC
  - Mozambique (5 offices)
  - Myanmar
  - Rwanda
  - Senegal
  - Togo
  - Uganda
  - Tanzania
  - Zambia
- The rest covered in regional clusters (e.g. KPMG E Africa covers Ethiopia, Somalia, Eritrea; Francophone W Africa covered from Cote D’Ivoire & DRC)
- Primary services: local statutory audit, tax compliance, regulatory advice
### Illustration - KPMG member firm income from UK-based clients, FY 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Revenue (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanzania</td>
<td>749,008</td>
</tr>
<tr>
<td>Zambia</td>
<td>585,750</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>552,743</td>
</tr>
<tr>
<td>Mozambique</td>
<td>473,544</td>
</tr>
<tr>
<td>Angola</td>
<td>356,009</td>
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<tr>
<td>Senegal</td>
<td>251,104</td>
</tr>
<tr>
<td>Cambodia</td>
<td>250,098</td>
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<tr>
<td>Uganda</td>
<td>245,331</td>
</tr>
<tr>
<td>Congo</td>
<td>215,450</td>
</tr>
<tr>
<td>Rwanda</td>
<td>118,766</td>
</tr>
<tr>
<td>Myanmar</td>
<td>111,065</td>
</tr>
<tr>
<td>Lao</td>
<td>27,194</td>
</tr>
<tr>
<td>Togo</td>
<td>13,546</td>
</tr>
</tbody>
</table>

**Sectors driving professional services demand:**
- Tourism
- Energy and natural resources
- Textile & equipment manufacturing
Why buy professional services from an LDC?

Professional services = by nature subsidiary to the rest of the economy

**Pull factors**

*Business factors*
- Existing operations in country
- Planned venture / acquisition in country
- Cross border travel to country

*Country / regulatory factors*
- Absolute filing / compliance requirement
- Regulatory complexity
- Perception the country is “difficult”

*Adviser attributes*
- Real local expertise
- Sufficient scale
- Language capabilities
- Responsiveness

**Push factors / reasons not to buy**

- No local adviser presence
- Low materiality ("not worth it")
- Simplicity or familiarity ("should be fine, we've got it covered")
- Scepticism re quality of advice
- Prefer cluster approach – delivery from larger CoEs

**Myths**

- Professional services can grow independently of other economy sectors
- Cost arbitrage is an opportunity
- LDCs can compete with MICs for shared services & BPO
- Local trade restrictions / complexity put off service importers

**What will drive future growth?**

- Expansion of manufacturing and wider economy
- Greater regional economic clustering