



# Importing Professional Services from LDCs

Council for Trade in Services Webinar

June 2021

# 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

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

## 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



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