



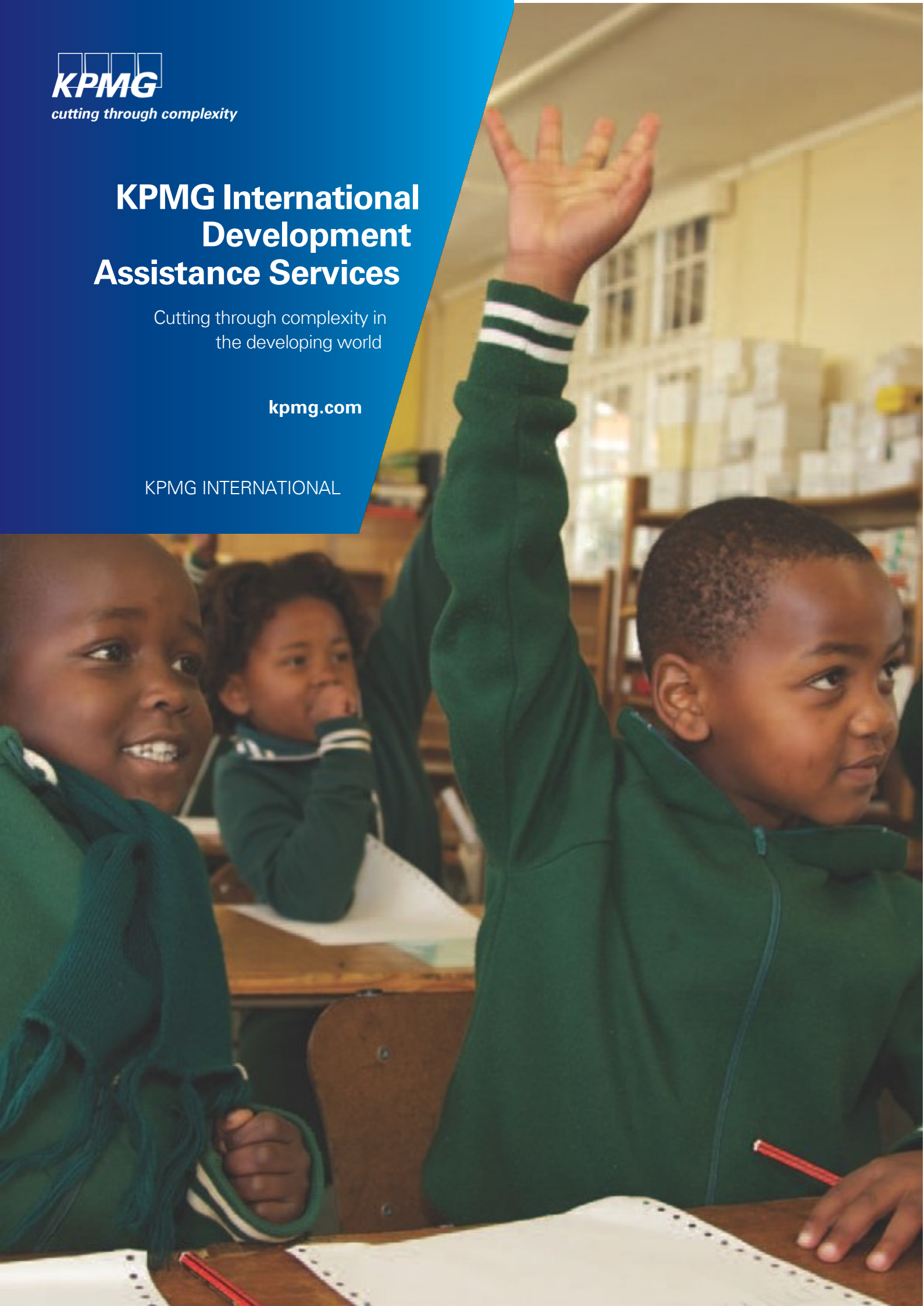
*cutting through complexity*

# KPMG International Development Assistance Services

Cutting through complexity in  
the developing world

[kpmg.com](http://kpmg.com)

KPMG INTERNATIONAL





# Foreword

The challenges facing the developing world can often be overwhelming as governments look for ways to deliver a large and varied number of services to their citizens, often for the first time. Civil society will certainly play a leading role. Already NGOs and development agencies are evolving to put a greater focus on building institutional capacity within organizations and beneficiary countries to create a sustainable environment for growth.

Additionally, the private sector has an important role to play in furthering the developing world agenda: mutually beneficial partnerships must be formed, skills must be transferred and critical processes and controls must be shared for global economic growth to be sustained.

There is still a lot to do, and progress on many fronts will require all development partners and stakeholders to take a long-term view, while being pragmatic in the short-term. The abilities of the developing world institutions to manage change, build new capabilities, efficiently deliver programs and services, and drive economic growth will be key factors in their success. At the same time, they will need to meet the requirements of their citizens and communities.

**At KPMG, we are on the front lines of the developing world. We work closely with emerging market stakeholders – government, civil society and private sector – to create sustainable change and effective, accountable service delivery.**

With member firms in approximately 150 countries around the world, KPMG is uniquely placed to deliver global industry best practices and methodologies within the realities of the local environment.

I encourage you to contact one of our International Development Assistance Services professionals to learn more about our valuable services, or to see how KPMG can support your organization's development agenda.



**Timothy A.A. Stiles**

**Global Chair**

International Development  
Assistance Services

# Opportunities and challenges facing the developing world

Over the next two generations, the world will undergo complex change and turbulent transformation. Making that change real, lasting and advantageous for developing world governments, institutions and citizens will take the active and committed participation of public and private sector stakeholders.

“ Delivering long-term, sustainable change to the developing world will take the participation of all sectors – government, civil society and the private sector.”

## Lord Michael Hastings

KPMG International's Global Head  
of Citizenship & Diversity

The challenges will be significant. The accountability of governments to their citizens must be enhanced; the capacity of people to design and deliver development policies must be strengthened; access to education and healthcare must be broadened; investment and economic growth must be nurtured; and access to markets must be improved.

“Delivering long-term, sustainable change to the developing world will take the participation of all sectors – government, civil society and the private sector,” says Lord Michael Hastings, KPMG International's Global Head of Citizenship & Diversity. “By developing internal capacity, service delivery and accountability, we have a real opportunity to build a better future for the more than 80 percent of the global population that lives in the developing world.”

## Facing the MDG challenge

In many cases, significant actions are already being taken. At the United Nations Millennium Summit, the world made a clear commitment to bring about change in the developing world. The UN Millennium Development Goals (MDGs) set specific deadlines and targets for reducing poverty and promoting human development by 2015.

Clearly, the need to enhance the effectiveness and efficiency of national, regional, and international development programs is great. Sustainable change will require development agencies and participants to put a larger focus on transferring the skills and processes that are crucial to building internal capacity and fostering effective growth. For those in the developing world, focus must remain on creating accountable, transparent and efficient service delivery and partnerships that respond to the critical needs of their citizens.

Instead of the public summits and admirable goals that marked the last decade, success in the future will rely on governments and development agencies collaborating with civil society to recommit themselves to the MDG Challenge and find innovative solutions and programs which can achieve lasting success.



## Addressing growing complexity

Emerging global issues and challenges are posing new threats to the developing world. Climate change, terrorism, energy scarcity, food security, commodity price increases and ongoing volatility in the global financial markets all affect the stability and capability of development partners to be successful. These shifts will create new complexities for development agencies and governments.

Despite these uncertainties and the heavy burden that has been placed on governments, civil society, the private sector, and their development partners, recently there have been marked improvements in the spread of democracy, good governance, and economic growth in many of the world's developing countries.

## Managing the pace of change

A growing number of developing countries are increasingly demonstrating that there is a fast track to development.

In the emerging economies of Asia, economic momentum has catapulted countries like China and India into a new phase of development that is providing opportunities in the region and around the world. Similarly, in Latin America, the drive towards energy self-sufficiency in Brazil has inspired other countries to seek similar methods.

Civil society and the global community are in a position to play a defining role to ensure that the rapid pace of progress does not create new divides between those that have access to critical government services and those that do not.

“For sustained development to be realized, the developing world needs innovative and partnership-oriented approaches to policy and programs,” said Trevor Davies, UK Head of KPMG’s International Development Assistance Services. “To achieve this, the development community will need to move into a new phase that is focused on building the capacity of the developing world so that they can better manage change and effectively deliver services to their constituents.”

## Ensuring sustainability and longevity

As the developing world continues to foster their own resources and develop civil society, their ability to build sustainable programs and practices will be a key factor in their success. This is all the more challenging in situations where conflict and fragility create instability and barriers. Equally, these are the jurisdictions where society has the greatest need.

In order to achieve sustainability, countries need to create institutions, develop skills for their work force, involve stakeholders and have accountable and transparent government. In addition to long-term success, embracing sustainability and integrating it into core practices leads to benefits like more efficient use of resources, cost reduction, and enhanced environmental and social responsibility.

“ For sustained development to be realized, the developing world needs innovative and partnership-oriented approaches to policy and programs. ”

### Trevor Davies

UK Head of KPMG’s International Development Assistance Services

KPMG's

# International Development Assistance Services (IDAS) practice

With a worldwide network and extensive experience in virtually every country, KPMG's member firm professionals know what it takes to deliver sustainable and effective programs to the developing world. In many cases, this means an active presence 'on the ground', often in difficult places with extreme challenges. KPMG's IDAS practice brings together deep global experience and insight with hands-on, practical and collaborative approaches to tailor unique strategies that help to meet the diverse objectives of our clients and development partners. These professionals bring a track record of supporting public sector reform and capacity building across Africa, Asia, Eastern Europe, the Middle East and the Americas, and the insight needed to turn knowledge into value for our clients and the citizens they serve.

## **A multidisciplinary approach to complex challenges**

Our IDAS practice combines functional 'on the ground' experience with broad expertise in audit, tax and advisory services to help create robust and broad-ranging solutions for member firm clients.

KPMG is one of the world's preeminent thought leaders on a wide range of issues related to the developing world. From strategy development and implementation to fiduciary audits and internal assessments, our IDAS team includes leading global and local professionals who work together to deliver a full range of services that are tailored to meet the unique needs of our clients.

## **Serving the full range of development participants**

Our IDAS clients represent the broad spectrum of development community players, including development assistance recipients, governmental and non-governmental organizations (NGOs), corporations, private foundations, United Nations agencies, international financing institutions and local communities. By working across both the private and public sectors, our professionals are better able to build consensus, share practices and strengthen capacity for the full range of development participants.



## The Africa Enterprise Challenge Fund (AECF)

The Africa Enterprise Challenge Fund (AECF) is a US\$150 million fund hosted by the Alliance for a Green Revolution in Africa. Backed by some of the biggest names in development finance – the Australian Agency for International Development (AusAID), Consultative Group to Assist the Poor (CGAP), Danish International Development Agency (DANIDA), UK Department for International Development (DFID/UKAid), International Fund for Agricultural Development (IFAD), Netherlands Ministry of Foreign Affairs (NMFA) and more recently, the Swedish International Development Agency (SIDA) – the objective of AECF is to encourage private sector companies to compete for investment support for their new and innovative business ideas in selected countries in Eastern, Central, Southern and West Africa.

This shift by donors from traditional methods of providing aid to channeling funds to developing countries through the private sector is a result of the increasing evidence and understanding that sustainable development can only take place in countries where the private sector is robust and equipped to drive growth. With a focus on agribusiness and financial services benefiting rural areas, AECF seeks out ideas that have the potential for systemic market change and significant development impact. Ideas from the private sector are submitted to a competition for funding, AECF then provides the successful ideas with the minimum amount of concessionary finance to make them happen. From the launch of AECF in June 2008 to the end of 2011, a total of 14 competitions had been held with a total of US\$65 million committed to funding 89 projects.

As Fund Manager, KPMG's IDAS practice in Africa:

- Identifies and selects projects eligible for AECF funding through competitions for profit-making companies.
- Monitors the performance and impact of the projects in terms of their relevance, efficiency, effectiveness and sustainability on rural African communities.
- Creates awareness of the AECF and its work to further its goal of collaboration to achieve systemic market change in the rural agricultural sector.

Reviews on AECF have demonstrated that the fund is achieving its objectives.

# A wide range of services to **meet complex challenges**

## **Enhancing impact**

- **Capacity building**

KPMG's IDAS practice recognizes that one of the best ways to foster long-term development is to build capacity within governments, development agencies and civil society. By helping local entities strengthen their ability to respond to change and manage programs, we can help empower them to represent the interests of their stakeholders more effectively.

- **Sustainability**

The evidence that sustainability is becoming a core consideration for successful organizations around the world grows stronger every day. Applying a sustainability lens to all aspects of business can help stimulate innovation, lead to new product lines and open new markets. KPMG professionals can help navigate the complex and evolving policy and regulatory landscapes to better understand the risks and opportunities related to sustainability and help organizations capitalize on the resulting opportunities.

- **Strategic planning services**

With a practical and robust approach to strategic planning, KPMG delivers strategic services that meet the unique needs of each client. Our network of professionals bring hands-on experience to help organizations define their objectives and create a strategic action plan that best reflects the environment in which they operate.

- **Infrastructure, energy, and natural resources**

KPMG's IDAS practice leverages extensive global experience advising the public and private sectors on leading infrastructure, energy and natural resource projects to help the developing world meet the demands of growth in a sustainable manner. This collaborative approach provides valuable support to local teams to bring stakeholders the benefit of KPMG's unique global insight.

- **Financial sector development**

With a well-established reputation for providing audit, tax and advisory services to the banking and insurance industries, KPMG works with both the public and private sectors to help stimulate the development of a strong and independent financial sector.

- **Policy advisory**

KPMG member firm professionals support governments and the private sector in developing robust and consistent policy to drive growth and deliver effective services. We combine our extensive regulatory and policy experience with a deep understanding of local context and conditions to develop policy strategies and methodologies that help to meet the unique needs of developing nations.





## Nicaragua

### The Millennium Challenge Corporation

In mid-2005, the United States' Millennium Challenge Corporation (MCC) developed a compact with the government of the Republic of Nicaragua to support economic growth and poverty reduction. The MCC provided US\$175 million over the five-year term of the compact to fund a program through a Millennium Challenge Account (MCA) in Nicaragua that focused specifically on increasing per-capita incomes and reducing poverty levels in the Departments of Leon and Chinandega.

KPMG in Nicaragua was engaged by MCA Nicaragua over three years to conduct financial and compliance audits of the MCC resources under management by MCA Nicaragua. With a primary focus of expressing an opinion regarding the accuracy of financial information and the compliance of the organization with the terms of the agreement, KPMG developed a set of robust procedures to assess the use of funds by MCA Nicaragua.



## Ensuring value-for-money

- **Business performance services**

At KPMG, business performance improvement means seeking both innovative and established ways of strengthening business management and increasing strategic and operational performance. With experience in virtually all business sectors and with all sizes of organizations, we consistently deliver informed and practical recommendations supported by real-world examples.

- **Fund management**

Our extensive financial management experience serves both development agencies and beneficiary groups by delivering broad-based fund management and intermediary services coupled with a full range of support services. By focusing on building capacity and facilitating fund dispersal and project implementation, KPMG IDAS practice helps clients build lasting results with long-term vision.

## UK

### Department for International Development (DFID)

Civil society plays an important role in keeping government accountable. Recognizing the importance of this role, DFID created a £130 million Governance and Transparency Fund (GTF) designed to support local civil society programs in the developing world. Starting in 2008 with a five-year term, the fund has provided support to more than 800 civil society organizations in more than 100 countries. To manage the program, DFID needed a partner that had the reach and capability to work with such a diverse and geographically-dispersed set of stakeholders.

KPMG IDAS practice is proud to have been selected by DFID to manage all aspects of the Fund for its five-year term. Under the leadership of the IDAS team based in Kenya, KPMG and its member firms have supported the Fund with a range of services including the initial call for expressions of interest, firm management capacity assessments, quarterly payments, and performance monitoring. With a strong reputation for governance, a long history of supporting developing world civil society programs, and offices in almost 150 countries around the world, KPMG member firms work with a wide range of government-funded programs to help ensure they are accountable, transparent and effective.



## Driving accountability

- **Institutional assessments**

KPMG's IDAS practice offers a range of institutional assessments that identify organizational limitations and deliver practical recommendations to improve them. By conducting assessments in a highly collaborative environment, our professionals strengthen internal capacity to drive effective results.

- **Internal and external audit services**

With more than a century of audit experience, KPMG has undertaken audits for development programs funded by all of the major agencies operating around the world. Professional and independent internal audits are critical for assuring stakeholders that business risks are being effectively managed, that opportunities are being realized, and that potential losses and fraud are being prevented. Our widely recognized auditing methodology follows a risk-based approach that delivers clear recommendations for improving financial systems, presentation and compliance with agency requirements and citizen expectations.

- **Compliance services**

Every development organization works under complex rules and regulations, whether they are from the agency or partner country or whether they are legal or financial rules. Most importantly, being compliant requires many resources that can stifle organizations and take away the focus from delivering services. KPMG has developed the tools that can help organizations review and update their applicable requirements to become compliant and also train and develop in-house resources to become self-reliant in being compliant.

## India

### HIV prevention in Bihar State

The Indian state of Bihar is considered highly susceptible to the spread of HIV due to significant out-migration from rural districts. Bihar has a number of HIV Integrated Counselling and Testing Centres (ICTC) with a specific focus on the prevention of parent-to-child transmission (PPTCT) which provides preventative initiatives, medications and patient counseling services. In order to develop a strategic plan for the future development of ICTC/PPTCT programs, an international organization working in child rights in coalition with governments and non-profits in 191 countries commissioned an assessment of both the supply and demand sides of the existing program.

KPMG in India was engaged to conduct a detailed review of the infrastructure, human resources, monitoring and the capacity of local staff within the ICTC/PPTCT program. The firm's IDAS professionals worked on the ground with local ICTC/PPTCT units to assess the quality of services and the capacity-building needs of staff, taking into account the client and patient perspective through interviews and group discussions. Based on their work and experience, the firm's professionals also developed a series of recommendations for strengthening the existing capacity of the ICTC/PPTCT bureaus and to promote client behavior change at the individual and household level.



- Citizen-centric reporting**  
 KPMG’s IDAS practice works closely with partner communities and development agencies to help ensure good quality reporting and accessibility to information for communities. This citizen-centric approach is critical to improving service delivery and accountability.
- Governance and transparency**  
 There are very few development challenges today that deserve more attention than ensuring exceptional and transparent governance. That is why KPMG’s network of professionals work with institutions to develop governance frameworks, prioritizing public accountability and transparency to establish institutional sustainability.
- Public and non-profit financial management services**  
 Working with both the public sector and civil society organizations, KPMG delivers robust financial management services to help clients create financially sustainable service delivery. Our teams focus on helping governments and civil society achieve greater fiscal discipline, enjoy more strategic allocation of their resources and deliver more efficient and effective services.
- Monitoring and evaluation**  
 KPMG’s Monitoring and Evaluation (M&E) teams go beyond the development, implementation and assessment of M&E systems and plans. We also put a strong emphasis on developing systems and mechanisms that leverage key performance information that will help enhance program delivery. Development partners also look to KPMG to review recipient financial management systems, delivering trusted fiduciary assurances.
- Commodity tracking**  
 KPMG’s highly experienced teams help ensure that commodities such as emergency food assistance, medicines and other supplies have been properly accounted for, distributed or disposed of. From storage and shipments to distribution and loss reporting, KPMG member firm practices have the local experience and global methodologies to help ensure that goods are being received by their rightful beneficiaries.

## The Global Fund to Fight AIDS, Tuberculosis & Malaria

KPMG acts as the Local Fund Agent (LFA) for The Global Fund in 17 countries around the world.

KPMG provides grantee assessments and verification in the areas of financial management, program management and sub-grantee management, as well as monitoring and evaluation of programs and program health and procurement reviews.

Through this project, KPMG became the financial LFA in Haiti and established a presence by becoming the LFA for the Global Fund. An earthquake devastated the capital city of Port au Prince and created difficult implementation and logistical challenges. KPMG committed to continue helping the people suffering from HIV, Malaria or Tuberculosis, and doubled efforts to support the LFA team in the pursuit of the delivery of these critical services.



## Advancing service delivery

- **Human resource management and training**

KPMG offers a broad-ranging package of human resource services and training solutions to help public and private development players implement proactive approaches for attracting, motivating, and retaining bright, dedicated employees. We can also help organizations identify weaknesses in their skills and knowledge base, and then fill those gaps by delivering either tailor-made skills workshops or experienced recruitment services.

- **Local and regional economic development**

Across a wide range of rural and urban settings, KPMG's IDAS practice has been active in designing, implementing and monitoring local economic development (LED) strategies. Our professionals know what it takes to bring together public and private sectors to create partnerships that can deliver both development and profits simultaneously and sustainably.

- **Program research and design services**

With access to some of the world's leading development thinkers and institutions, KPMG provides expert program design services that meet both the specific development objectives of the host region and the agenda of their development partners. With professionals in almost every developing market, we understand the primary issues that will need to be overcome to deliver real results.

- **Program and project management services**

From one-off projects to long-term portfolios of interdependent programs, KPMG's IDAS staff is certified by the Project Management Institute and our Project Management Methodology has been used to manage all types of development initiatives. We help free our clients from the day-to-day tasks to let them focus on more strategic and policy level issues, safe in the knowledge that their program is in the hands of highly qualified professionals.

## Vietnam

Greater Mekong Sub-region Regional Communicable Disease Project, a project of the Ministry of Health, engaged KPMG in Vietnam to develop and deliver an intensive project management course aimed at building capacity in areas most demanded by funders.

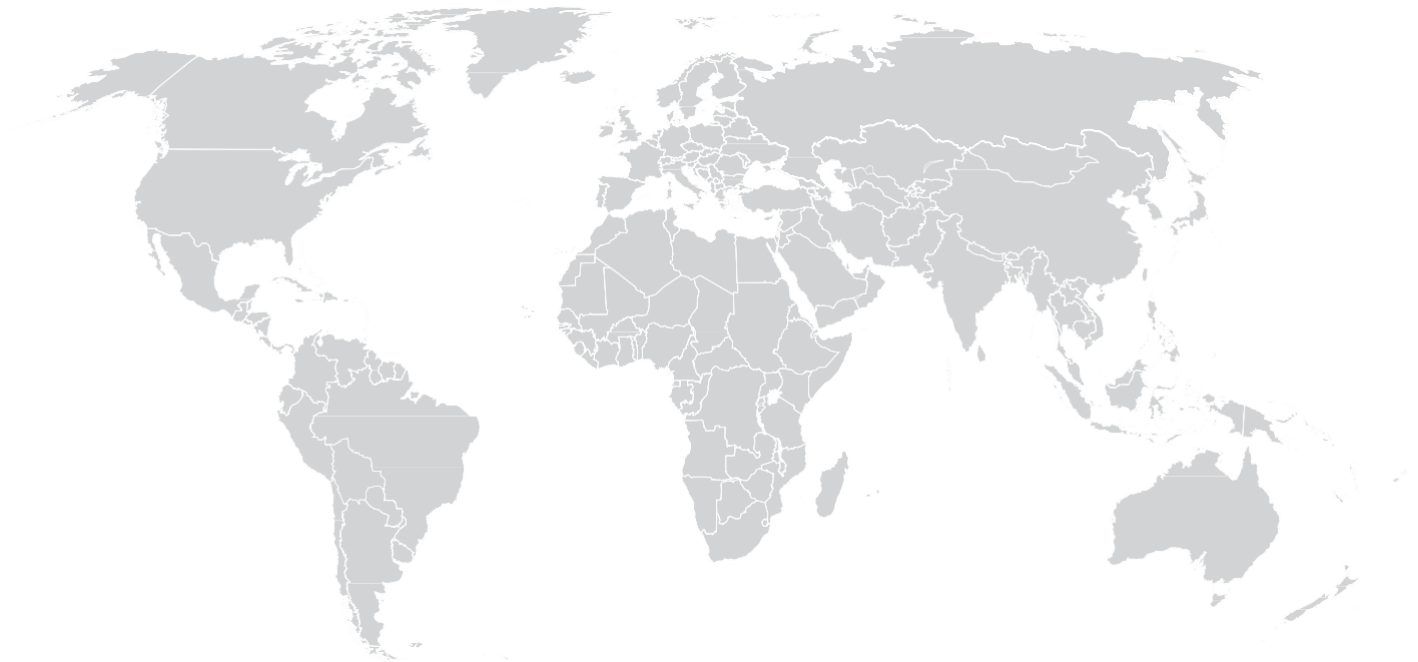
By delivering a participant-focused approach – which included the assessment of project objectives and staff capabilities, development of training content tailored to the Asian Development Bank (ADB) funded project management requirements, and the project's practical issues – KPMG was able to identify and train the project's team members in critical management skills, and create an ongoing skills development plan for the future.

# Local solutions with **global insight**

In approximately 150 countries, including almost every developing and emerging economy around the world, KPMG's network of member firms combine a wealth of global experience with hands-on local insight.

With more than 140,000 professionals globally, KPMG offers a multidisciplinary and high-performing team with a deep repository of skills and proven approaches to cut through the complexities facing the developing world and its partners. Through this vast network, the KPMG International Development Assistance Services team can deliver unique solutions that meet the needs of the international development community.

KPMG's network of professionals provide unique global insights and effective local solutions, and operate in the following countries. Additionally, through its regional hubs, KPMG provides services in almost every country on the planet.



## KPMG Member firm locations

<b>Americas</b>	Turks and Caicos Islands	Andorra	Iceland	Oman
Anguilla	United States of America	Angola	India	Pakistan
Antigua & Barbuda	Uruguay	Armenia	Ireland	Poland
Argentina	Venezuela	Austria	Isle of Man	Portugal
Aruba	<b>ASPAC</b>	Azerbaijan	Israel	Qatar
Bahamas	Australia	Bahrain	Italy	Romania
Barbados	Brunei Darussalam	Bangladesh	Jersey	Russia
Bermuda	Cambodia	Belarus	Jordan	Rwanda
Brazil	China	Belgium	Kazakhstan	Saudi Arabia
British Virgin Islands	Cook Islands	Bosnia & Herzegovina	Kenya	Senegal
Canada	Fiji	Botswana	Kuwait	Serbia
Cayman Islands	Indonesia	Bulgaria	Kyrgyzstan	Sierra Leone
Chile	Japan	Cameroon	Latvia	Slovakia
Colombia	Korea	Congo Brazzaville	Lebanon	Slovenia
Costa Rica	Laos	Congo DRC	Liechtenstein	South Africa
Curaçao	Malaysia	Côte d'Ivoire	Lithuania	Spain
Dominican Republic	New Zealand	Croatia	Luxembourg	Swaziland
Ecuador	Papua New Guinea	Cyprus	Macedonia	Sweden
El Salvador	Philippines	Czech Republic	Malawi	Switzerland
Guatemala	Singapore	Denmark	Maldives	Syria
Honduras	Sri Lanka	Egypt	Malta	Tanzania
Jamaica	Taiwan	Estonia	Mauritius	Togo
Mexico	Thailand	Finland	Moldova	Tunisia
Nicaragua	Vietnam	France	Monaco	Turkey
Panama	<b>EMA</b>	French Polynesia	Montenegro	Uganda
Peru	Afghanistan	Georgia	Morocco	Ukraine
St Lucia	Albania	Germany	Mozambique	United Arab Emirates
St Maarten	Algeria	Ghana	Namibia	United Kingdom
St Vincent and the Grenadines		Gibraltar	Netherlands	Yemen
Suriname		Greece	New Caledonia	Zambia
Trinidad & Tobago		Guernsey	Nigeria	Zimbabwe
		Hungary	Norway	

## KPMG Contacts

KPMG's International Development Assistance Services practice is made up of a network of experienced professionals based in member firms around the world.

### Global Chair

**Timothy A. A. Stiles**

**T:** +1 212 872 5955

**E:** taastiles@kpmg.com

### Global Head, IDAS Institute

**Trevor Davies**

**T:** +1 202 533 3109

**E:** tdavies2@kpmg.com

### Western Europe

**Pierre-Henri Pingeon**

**T:** +41 58 249 3800

**E:** ppingeon@kpmg.com

### Central America

**Alfredo Artiles**

**T:** +505 2274 4265

**E:** aartiles@kpmg.com

### Middle East

**Suhael Ahmed**

**T:** +97 165 74 2214

**E:** suhaelahmed1@kpmg.com

### CIS

**Andrew Coxshall**

**T:** +99 53 2295 0716

**E:** acoxshall@kpmg.com

### North America & UN Desk

**Mark Fitzgerald**

**T:** +1 703 286 6577

**E:** markfitzgerald@kpmg.com

### East Asia and Pacific Islands

**Alexander Seccombe**

**T:** +656 213 3235

**E:** aseccombe@kpmg.com.sg

### Northern Europe

**Carina Hedberg-Kivisto**

**T:** +35 820 760 3615

**E:** carina.hedberg-kivisto@kpmg.fi

### Eastern Europe

**Aleksandar Bucic**

**T:** +38 111 205 0652

**E:** abucic@kpmg.com

### South America

**João Silverio**

**T:** +55 11 3940 1562

**E:** jsilverio@kpmg.com.br

### European Union Desk

**Mercedes Sanchez-Varela**

**T:** +32 270 84349

**E:** msanchezvarela@kpmg.com

### South Asia

**Narayanan Ramaswamy**

**T:** +91 44 3914 5200

**E:** narayananr@kpmg.com

### Francophone Africa

**Thierry Colatrella**

**T:** +33 1 55686099

**E:** tcolatrella@kpmg.fr

### Sub-Saharan Africa

**Charles Appleton**

**T:** +254 (20) 2806000

**E:** charlesappleton@kpmg.co.ke

[www.kpmg.com/idas](http://www.kpmg.com/idas)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2012 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International.

Designed by Evalueserve.

Publication name: KPMG International Development Assistance Services

Publication number: 120150

Publication date: March 2012