



*cutting through complexity*

# Investing in South Africa and Africa

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# Foreword

Africa is a continent whose time has come – and while the opportunities are almost self-evident and tangible, they are there primarily for the bold, the agile and the swift. At KPMG we understand this. We also understand that you're probably reading this because you're looking for a professional services provider to walk this road with you – for audit, tax and advisory services – who is where you are or where you want to be. Someone who you can work with, built on a relationship of trust and mutual respect, able to cut through the complexities to help you achieve your strategic objectives – simply and decisively.

Our commitment to Africa speaks volumes. We began our journey several years ago and have continuously upped the ante to stay ahead of the game – anticipating change, actively seeking to recruit and retain the best available talent, and consistently investing in our people, our infrastructure and our professional service offerings to better serve our clients in numerous respects.

Two years ago, we established – for the first time – a singular Executive Committee for KPMG Africa, enabling responsibility with authority. What all of this means to you, our client, is that KPMG is positioned to serve you across Africa, with the full benefit of KPMG's global reach.

You can be assured of the same levels of professional service, practical understanding and relevant insights from us – across the continent – regardless of where your business operations are located. We know that you expect this of us and we are confident of our delivery. This is good for our business, grows our people and allows us to extend our positive reach into the communities in which we co-exist. All of this fosters an ethos of a long-term, sustainable, responsible business, which is what we believe Africa needs.

Under the leadership of our Africa Board, we have a clearly articulated strategy that is focused on seven key business priorities. These include delighting our clients, maintaining global consistency, operating as one across Africa and inspiring our people, who are motivated and equipped to serve you. Looking very much at the world outside our own allows us to focus on Africa as you see it and your related needs, and not based on our own structures. This flexibility offers further advantages to our clients in mobilising our teams – and further simplifies how we may help you.

Centred on the premise of consistent service delivery, I invite you to read in this brochure more about the context of Africa today, KPMG's extraordinary value proposition, our positioning in Africa and something about what we're doing to shape a positive future for the continent and all its people. Importantly, we've included the details for our China-Africa Corridor, inviting you to contact any of our people. I am excited about the many possibilities that Africa presents to all of us. I am even more excited about how KPMG can work with you, across Africa, in mutually rewarding engagements that add value, bringing to the fore the benefits of the full reach of KPMG's global network with local resources who understand you and the markets in which you operate.



A handwritten signature in blue ink that reads "Moses".

**Moses Kgosana**

Chairman and Senior Partner, KPMG Africa Limited  
Chief Executive, KPMG in South Africa



# Africa and South Africa





## Africa

### Why invest in Africa?

- One of the key reasons that Africa has been a focus region for investors is its current and potential economic growth. According to *African Economic Outlook*, the African economy is expected to grow at 5.8 percent in 2012. In the world's ten fastest-growing economies list published by *The Economist* and the International Monetary Fund (IMF), six of these economies are African. Such high growth has created enormous business opportunities on the continent and thereby attracted investors
- Return on investment in Africa is higher than in developed countries
- The continent is rich in natural resources such as gold, platinum-group metals, copper, etc
- It is largely an untapped market, with low penetration and great potential
- The burgeoning size of the African market and growing urbanisation.

### Go south, young man

World's ten fastest-growing economies\*  
Annual average GDP growth, %

2001 - 2010 †		2011 - 2015 ‡	
<b>Angola</b>	<b>11.1</b>	China	9.5
China	10.5	India	8.2
Myanmar	10.3	<b>Ethiopia</b>	<b>8.1</b>
<b>Nigeria</b>	<b>8.9</b>	<b>Mozambique</b>	<b>7.7</b>
<b>Ethiopia</b>	<b>8.4</b>	<b>Tanzania</b>	<b>7.2</b>
Kazakhstan	8.2	Vietnam	7.2
<b>Chad</b>	<b>7.9</b>	<b>Congo</b>	<b>7.0</b>
<b>Mozambique</b>	<b>7.9</b>	<b>Ghana</b>	<b>7.0</b>
Cambodia	7.7	<b>Zambia</b>	<b>6.9</b>
<b>Rwanda</b>	<b>7.6</b>	<b>Nigeria</b>	<b>6.8</b>

\* Excluding countries with less than 10m population and Iraq and Afghanistan

† 2010 estimate      ‡ IMF forecast

Sources: *The Economist*, IMF

## South Africa

### Why invest in South Africa?

- South Africa has been admitted as the newest member of BRICS
- It is the gateway to the African Continent
- South Africa has the most advanced infrastructure on the continent
- The World Bank Survey on the "Ease of doing business" ranks South Africa higher than any of the other BRICS countries
- It has some of the world's largest reserves of some key minerals such as gold
- Since its first free elections in 1994, South Africa has held numerous free and fair elections at the national, provincial and local government level
- It's macro-economic policies have been recognised by global institutions
- South Africa has a well-developed and first world banking and financial services systems
- It's natural beauty – featuring a world in one country
- A diverse and developed agricultural sector
- Virtually no restriction on the areas of investment.

### South Africa

- Population – 50.492 million
- Land area – 1.221 million km<sup>2</sup>
- Population density – 41 pop/km<sup>2</sup>

Source: *African Economic Outlook*

# Overview of the African economic environment



# Overview of the African economic environment<sup>1</sup>

## Africa's relative size

Geography	Size (km <sup>2</sup> )
China	9 534 021
Europe	10 306 659
USA	9 526 629
<b>Total</b>	<b>29 367 309</b>
Africa	30 221 532

Source: www.geography.com

Home to approximately 1 billion people, Africa has been referred to as 'the continent whose time has come'. Before the global economic downturn of 2009, the majority of African economies had enjoyed notable economic growth. Average annual growth in 2006-08 amounted to about 6 percent, while the Gross Domestic Product (GDP) per capita grew by almost 4 percent.

The growth can be ascribed to a combination of favourable factors, some of which include:

- high commodity prices
- growth in export volumes
- generally sensible macro policies
- debt relief
- sustained aid
- Foreign Direct Investment (FDI) inflows.

Moves towards more market-friendly economic policies have also aided in the promotion of growth.

The world economic crisis brought this period of relatively high African growth to an abrupt end. However, although the African economy has also been negatively impacted by the global economic downturn, the continent has, on average, maintained positive economic growth.

Due to the relatively low degree of integration of African banks with international financial markets, the impact of the global economic downturn on Africa has taken place through various other transmission mechanisms, some of which include:

- the collapse of commodity prices, which impacted the mining sector
- the reduction in export volumes, impacting the manufacturing sector
- the decline of workers' remittances due to job losses or wage declines
- the decline of FDI due to a reduction of the investments of global firms, in particular in the mining and tourism sectors.

On the positive side, donor countries have generally maintained their aid commitments and disbursements to Africa, despite substantial fiscal pressures at home, and debt relief has reduced debt service costs and helped African countries to better cope with the crisis.

It appears that the African economy has been more resilient to the global crisis than other emerging economies, with the exception of those in Asia, notably China and India. The effect of the crisis, although less severe than on most other continents, was nonetheless significant.

The global expansion remains unbalanced during 2011. Growth in many advanced economies is still weak, with the growth in most emerging and developing economies continuing to be strong. Overall, the global economy expanded at an annualised rate of 4.3 percent in the first quarter of 2011, and growth forecasts for 2011-12 are broadly unchanged, with offsetting changes across various economies. However, greater than anticipated weakness in US activity and renewed financial volatility from concerns about the depth of fiscal challenges in the euro area periphery, pose greater downside risks. Market concerns about possible setbacks to the US recovery have also surfaced. If these risks materialise, they will reverberate across the world, possibly seriously impairing funding conditions for banks and corporations in advanced economies and undercutting capital flows to emerging economies. Key among the negative surprises for the world economy, was the devastating effect of the earthquake and tsunami on the Japanese economy. Supply disruptions weighed heavily on industrial production, and consumer sentiment and spending.

Africa's economies are also recovering from the slump caused by the global recession, and are mainly driven by higher commodity prices and export volumes. In 2010, Africa's average rate of growth amounted to 4.9 percent, up from 3.1 percent in 2009. The current economic recovery in Africa is likely to reduce the cyclical component of unemployment, but structural unemployment remains high in many countries.

Driven by the expansion of global demand, commodity prices continued to increase in 2010, and in the first months of 2011, some prices reached a historical peak. Changes in the price of oil depend, however, on further political developments in oil-producing countries, notably Libya, and on the supply response to the recent hike in oil prices to between US\$110 and US\$120. The political events in North Africa are likely to depress the continent's growth to 3.7 percent in 2011 and to result in sub-Saharan Africa growing faster than North Africa. However, considerable uncertainty surrounds this forecast. With the assumption that economic normality returns to countries such as Libya and Côte d'Ivoire, Africa's average growth is expected to accelerate to 5.8 percent in 2012.

The table below provides an overview of Africa's historical and expected growth trends.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>GDP growth (percent)</b>	6.2	6.4	5.6	3.1	4.9	3.7	5.8	6.4	6.8	7.1

Source: Africa Economic Outlook

<sup>1</sup> Sources: World Economic Outlook, Africa Economic Outlook, World Bank, KPMG research, African Development Bank

## Challenges for Africa

To capitalise on the diverse opportunities in Africa, it is necessary to explore the challenges that exist from both from a people- and a business perspective.

- FDI in Africa continues to be concentrated in a few countries and sectors, with 15 oil-exporting countries receiving 75 percent of FDI flows. As such, attracting FDI into diversified and higher value-added sectors remains the ongoing challenge for Africa's economies. The primary sector consistently remains the focus of foreign investment. Africa predominantly exports primary products and imports manufactured products. This has an adverse effect and has led to large-scale commodity dependence. Importantly, the exporting of primary products such as mineral resources tends to concentrate gains in the hands of a wealthy few. It is not a recommended means of poverty alleviation, as unequal income distribution remains one of Africa's biggest challenges. In addition, this hampers the possibility of growth in the consumer expenditure-related parts of the economy, such as retail and wholesale, smaller manufacturing industries, the housing market, etc. Commodity dependence has the added issue that it does not lead to the development of productive capacity. Short-term gains are taken at the expense of long-term strategies, which should benefit all
- Increasing trade with the rest of the world and within Africa through the diversification of trade in terms of both structure and destination
- Reducing inefficiencies related to poor transport infrastructure, including maintenance of existing infrastructure and the provision of new infrastructure. For instance, only 30 percent of the African road network is paved. The continent's railway network is also very poor. These factors contribute to high transport costs compared to the rest of world
- Accessing finance for infrastructure development: a major challenge confronting the development of African infrastructure is the lack of adequate financing. Recent estimates by the World Bank indicate that the annual infrastructure investment requirement in Africa is about US\$93 billion over the next decade, more than double the previous estimate by the Commission for Africa
- Reducing political instability and the lack of security within and among several regions
- Reducing intra-African trade barriers. A further challenge is the lack of a coherent regional approach to managing and harnessing partnership agreements; which could improve the competitiveness of African countries, driving FDI. On the back of the need for combined and coherent strategies, it is crucial that there is a greater degree of cooperation between the private sector and government
- A comprehensive approach is needed to address the problem of unemployment in general and of youth unemployment in particular. In North Africa, where political upheavals disrupted economic activity, unemployment is likely to further increase in 2011.

Youth unemployment has long been a major problem in North Africa (but also in many other African countries) and contributed to the political unrest which led to the overthrow of governments in Tunisia and Egypt.

- The prevalence of HIV/AIDS, specifically in the southern African regions, will continue to subdue growth in 2011
- The recently launched 2011 edition of the *African Economic Outlook* emphasises that governments' efforts need to include measures to create jobs, invest in basic social services, health and education, and promote gender equality.

Linked to this challenge, is the lack of bargaining power in multilateral negotiations. Currently, the only agreement that holds weight on the international scene is the Brazil-South Africa-India axis. It is critical that Africa, as one bargaining power, promotes an agenda harnessing the capabilities and resources of the continent for the benefit of all Africans. However, this is easier said than done, as each country has unique political, humanitarian and economic requirements.





## Opportunities

Africa is becoming more integrated in the world economy and its partnerships are diversifying, revealing unprecedented economic opportunities. In 2009, China surpassed the US to become Africa's main trading partner, while the share of trade conducted by Africa with emerging partners has grown from approximately 23 percent to 39 percent in the last 10 years. Africa's top five emerging trade partners are now China (38 percent), India (14 percent), Korea (7.2 percent), Brazil (7.1 percent) and Turkey (6.5 percent).

It is evident that the unique needs in Africa all present opportunities in one way or another. Some of these opportunities are more recognised than others, as seen in the investment in the oil and gas sector in West Africa.

Studies performed on the investment requirements for Africa as an emerging market provide interesting feedback on African infrastructure needs: the three sectors with the biggest needs are energy, WWS (water, waste and sewage) and irrigation.

Clearly, infrastructure development continues to be of significance within Africa. However, it is important to focus on the dual nature of infrastructure development – namely development of the people (in areas such as health and education) as well as physical development (such as roads and ports).

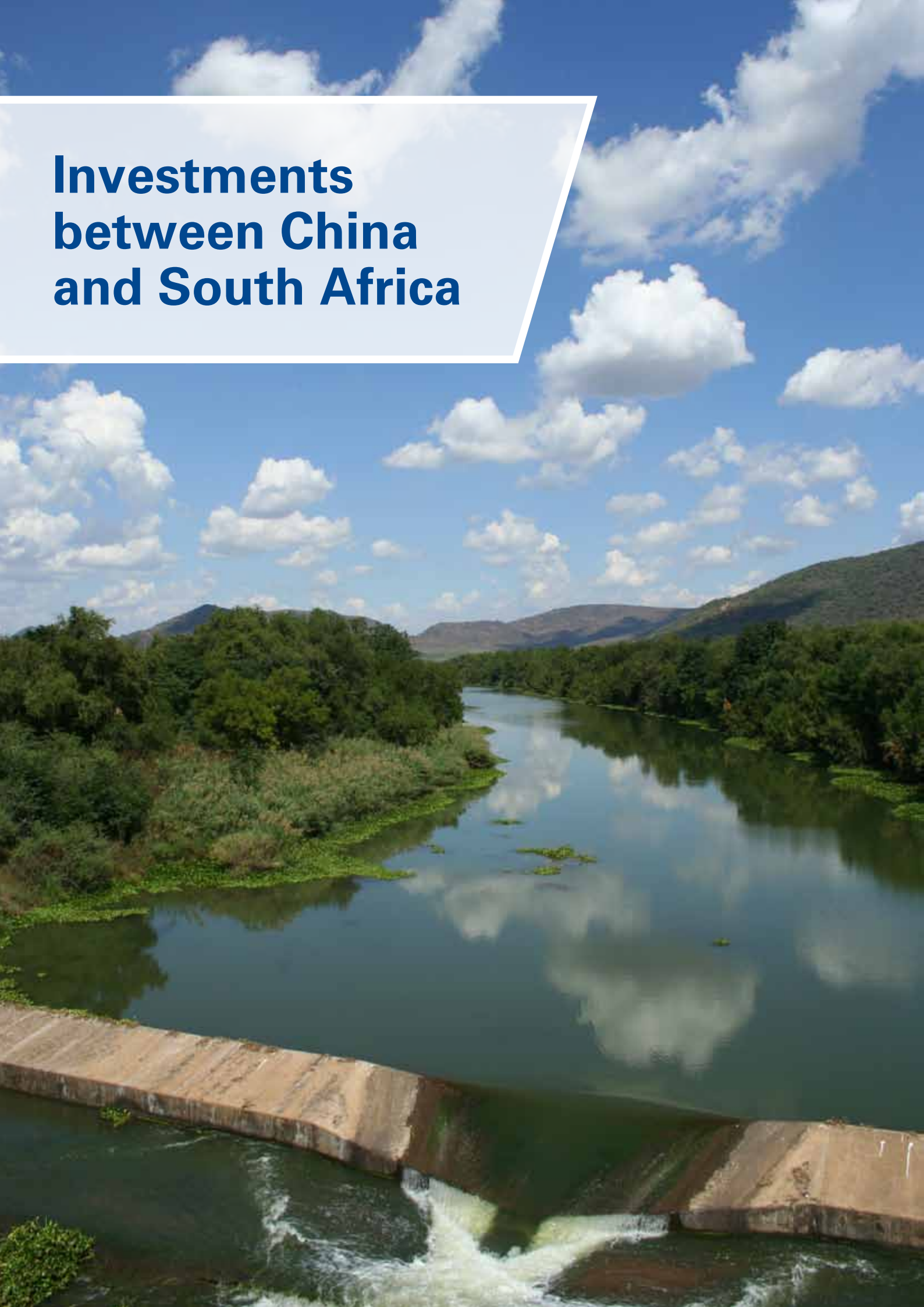
According to Pedro Conceição, Chief Economist at the United Nations Development Programme (UNDP) Regional Bureau for Africa, "Prioritising health, education and basic services is key to ensuring that the most vulnerable are not left behind". Growth alone is not enough for human development. Growth must be broad-based and bring down high levels of inequality.

At the Climate Investment Funds Partnership Forum recently held in Cape Town, Tanja Faller, an energy economist at the African Development Bank (AfDB), described the opportunities for Africa in developing a clean energy industry. She indicated that this development can create a whole industry providing good quality jobs for local populations and can ensure the sustainability of renewable energy in Africa.





# **Investments between China and South Africa**





## Investments between China and South Africa

There are currently 47 major Chinese investments in South Africa. Most are in the infrastructure and construction industries, representing 25 percent of the total number of Chinese firms currently investing in the country.

Chinese investment in South Africa: Sectoral distribution					
Number of firms	Present	Possible Entrants	Withdrawals	Total	Percent (of total)
Mining	6	3	1	10	13
Consumer goods	2	0	2	4	5
Materials processing	5	1	1	7	9
Automobiles	4	1	1	6	8
Electrical/electronic machinery	6	0	1	7	9
Other machinery	3	3	5	11	14
Infrastructure & construction	11	4	4	19	25
Finance & business services	6	0	1	7	9
Consumer services	4	0	0	4	5
IT/media	0	0	1	1	1
Unknown	0	0	2	2	3
<b>Total</b>	<b>47</b>	<b>12</b>	<b>19</b>	<b>77</b>	<b>100</b>

Source: The EDGE Institute FDI Database

From 2005, trade between South Africa and China enjoyed significant growth. In 2009 China became the largest trading partner of South Africa, followed by the United States, Japan and Germany. Three months into 2011, the trade statistics between the two countries showed a total goods value of R18.8 billion exported from South Africa to China, and R20.8 billion worth of goods imported into South Africa.

The top three export products are mineral products, base metals and natural or cultured pearls. The top three import products from China are machinery and mechanical appliances, electrical equipment, textiles and base metals<sup>2</sup>.

The following is a list of some of the Chinese companies that are established in South Africa:

- **Bank of China Johannesburg Branch**
- **China Construction Bank Johannesburg Branch**
- **Great Wall Motors (SA)** – Subsidiary of Great Wall Motors
- **Hisense South Africa** – Subsidiary of Hisense
- **HSBC African Branch**
- **Huawei Technologies Africa** – Subsidiary of Huawei Group
- **LiuGong Machinery South Africa** – Subsidiary of LiuGong Machinery Corporation
- **Shantui South African Branch**
- **Sinosteel South Africa** – Subsidiary of Sinosteel Group
- **South Ocean Holdings (Pty) Ltd**
- **Wesizwe** – Subsidiary of Jinchuan
- **Zoomlion South Africa** – subsidiary of Zoomlion.

<sup>2</sup> Source: the Department of Trade and Industry of South Africa

# Considerations for investment in Africa/ South Africa





## Considerations for investment in Africa/South Africa

Maximising the return on investment is the ultimate goal of all investors. One way to achieve this is to minimise the investment costs. Thus, new investors should obtain a fair understanding of the legal requirements, tax regulations, foreign exchange control and certain other statutory regulations or obligations to be met in the investing country, in order to set up the investment in the most cost-effective way. Such a set-up would help an investor avoid unnecessary penalties and administration costs, and achieve tax savings in the long term.

As one of the largest professional services organisations in the world, with a high quality of expertise, KPMG can help investors set up investments in a structure that is best suited to the client as well as cost-effective. We have outlined some key considerations in five aspects for investments in South Africa: legal, tax, exchange control, VAT and employee's tax.

### Legal

South Africa's Companies Act sets out comprehensive regulations and requirements for all entities that operate in South Africa. Different entity structures encounter different legal requirements. In general, an investor should consider the following key areas:

- Legal status and limited liability – the legal status of the entity determines the level of liability and associated risks for the entity
- Registration requirement and penalties – penalties are enforced on companies which fail to register with the Companies and Intellectual Property Commission ("CIPC"). Investors should comply with applicable registration requirements within the specified time frames to avoid unnecessary penalties
- Financing alternatives – different types of entity are allowed different forms of finance (debt only or equity and debt). This has a massive impact on the flexibility of the funding and total of expenses (eg interest expense) for the entity
- Requirement of audit - depending on the type of entity, the entity may be required to be audited on an annual basis
- Annual returns – depending on the type of entity, annual returns may need to be submitted to CIPC. The annual fee varies for different types of entities.

### Taxation

There are also specific tax impacts on different entity set-ups. In order to establish an entity structure with long-term tax savings, an investor should consider the following:

- General principles – the general principles (such as whether an entity is resident or non-resident, taxed on worldwide income or South African sourced income only etc) provide guidance on the type of income to be taxed
- Rate of tax – general rate of tax is 28 percent for South African companies. However, branches in South Africa are taxed at 33 percent. More detailed tax rates are outlined in Fiscal Guides
- Capital gains tax (CGT) – the disposal of certain local assets or worldwide assets (depending on the type of entity) could attract CGT

- Tax deductions – Various tax deductions (such as interest, royalties, foreign exchange gains and losses etc) also vary, depending on the tax status of the entity
- Thin capitalisation rules - when financial assistance is advanced by a foreign company to a connected party in South Africa and the resident company's interest-bearing foreign debt is excessive in relation to its equity share capital, thin capitalisation rules may apply.

### Exchange control

An understanding of the South African Exchange Control regulations and practices which may be relevant (including the rules relating to the various methods for repatriating profits and the implications for providing equity and loan funding) is required.

Income derived from investments in South Africa is generally freely transferrable to foreign investors, subject to certain restrictions.

- Local borrowing restrictions – while there are generally no restrictions on local borrowings, there are a few instances where restrictions will be applicable
- Foreign loan to South African company – this requires approval from the Exchange Control Authorities before acceptance. Interest payments can be remitted abroad, however, this is also subject to the Exchange Control Authorities' approval
- Management fees – payment of management fees abroad is subject to the approval of Authorised Dealer and certain fees need to be supported by a transfer pricing analysis
- Dividends/profits – dividends can be remitted abroad to non-resident shareholders. Repatriation of profits is subject to certain exchange control requirements.

### VAT

South Africa has a standard VAT rate of 14 percent on taxable supplies. However, VAT registration is only required if the total taxable supplies exceed R1 million in a period of 12 months. Even though the standard rate is 14 percent, there are some exempt supplies and zero-rated supplies outlined in the VAT Act.

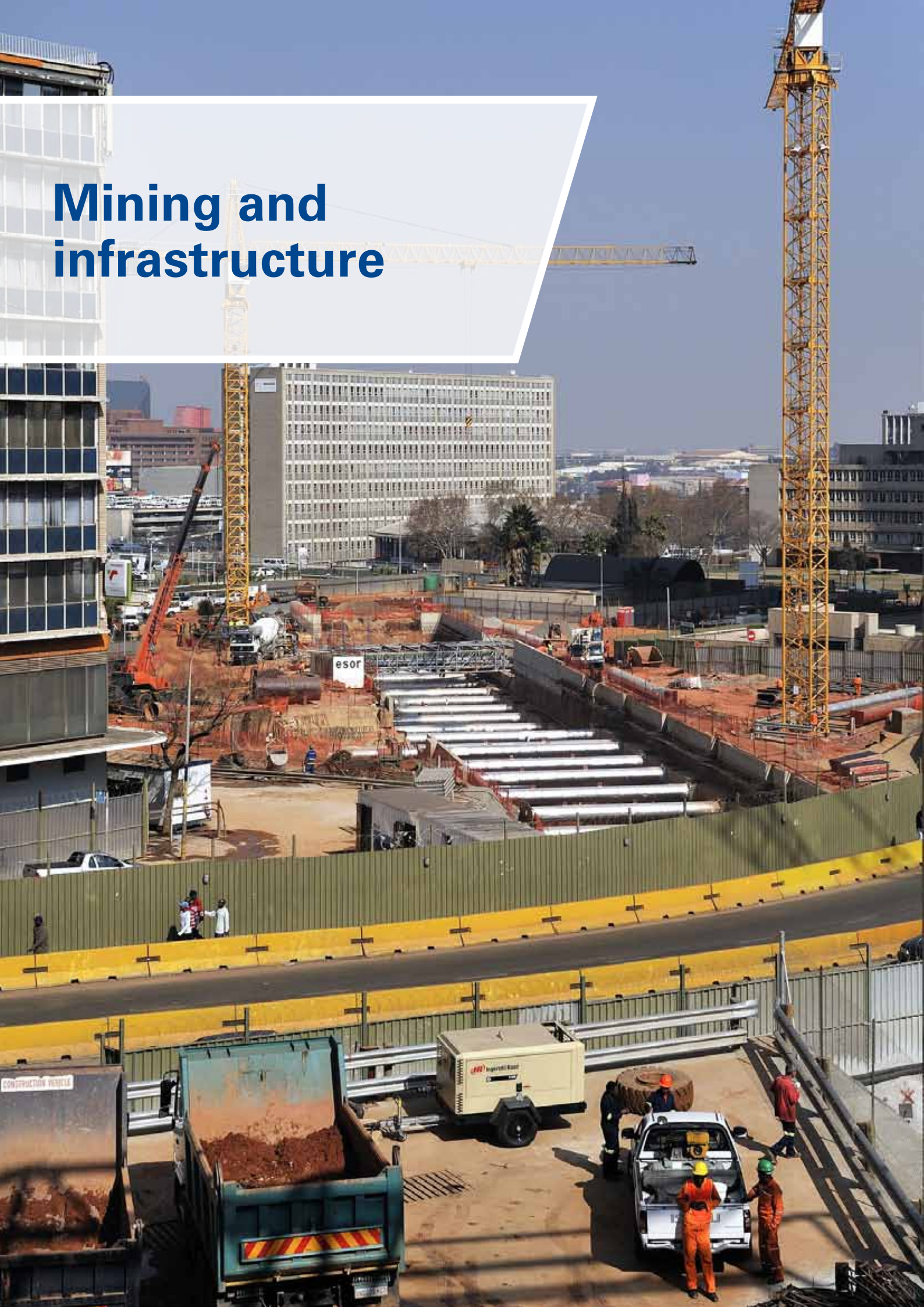
### Statutory obligations on employers

- Employees' tax – a resident employer or representative employer is required, in terms of South African Income Tax Act, to withhold employees' tax and pay same over to the South African Revenue Service ("SARS") on a monthly basis.
- When an employer pays remuneration to employees, the employer must also contribute towards:
  - Skills development levies monthly
  - Compensation for occupational injuries
  - Unemployment Insurance Fund.

This guidance is based on South African regulations. However, an investor should also consider it when planning to invest in other African countries. KPMG can provide further guidance and assistance through our expert advisors in other African countries.



# Mining and infrastructure





## Mining and infrastructure

### Mining

South Africa holds the world's largest natural reserves of gold, platinum-group metals, chrome ore and manganese ore, and the second-largest reserves of zirconium, vanadium and titanium. The country is the world's largest producer of platinum, and among the leading producers of gold, diamonds, base metals and coal.

Clearly, mining, as one of the main industries in South Africa, makes a significant contribution to the overall economy. A Business Monitor International forecast expects the value of the South African mining sector to grow from US\$27.5 billion in 2010 to US\$53.2 billion by 2015, an annual average growth rate of 4.6 percent. The mining sector's share of overall South African GDP is forecasted at 7.7 percent.

In comparison to other African countries, South Africa has a well-established regulatory environment and infrastructure for mining, which limits the obstacles confronting foreign investments and reduces the potential risks. This is further shown through the survey of the African mining business environment conducted by Business Monitor International; where South Africa achieved an overall ranking of second place for ease of doing business in mining.

The following are some of the discussions and potential changes that could affect the South African mining industry:

- Nationalisation of mines
- Tax increase on mining entities from 3 percent to 5 percent
- Implementation of the Electronic Mineral Management System.

### African Mining Indaba

Every year, the African Mining Indaba conference is hosted in Cape Town, South Africa. The conference attracts the world's largest gathering of the most influential stakeholders in African mining, including financiers, investors, mining professionals, amongst others.

During the 2011 conference, the following key areas were outlined:

- The need for effective partnership among shareholders. This group should create enabling platforms and arrangements for successful mining activity to benefit all stakeholders, and enhance the responsibilities and accountabilities of each member
- Announcement of introduction of Electronic Mineral Management System, which requires greater transparency and accountability
- Reaffirmation of mining sector's commitment to sustainability
- Communities' welfare
- Political circumstances.



## Infrastructure

The population of Africa is set to rise from close to 1 billion people today to more than 2 billion in 2050. The urbanisation rate is expected to increase from 40 percent in 2010 to 42 percent in 2015<sup>3</sup>. The GDP is expected to grow at 5.8 percent by 2012<sup>4</sup>. Due to this rapid growth of the population, economy and urbanisation, the demand for efficient infrastructure is high. However, in large parts of Africa, infrastructure has been neglected for decades, while in other parts it is non-existent.

*Africa's Infrastructure: A Time for Transformation*, published by the World Bank, outlined the following challenges in the infrastructure industry:

- Africa's difficult geography presents a challenge for infrastructure development
- Africa's infrastructure is twice as expensive as elsewhere, reflecting diseconomies of scale in production and high profit margins caused by lack of competition. For example, power costs are high due to the low megawatt threshold provided by national power systems. High road freight tariffs are due to high profit margins, caused by limited competition and centralised queuing methods for crossing borders
- power is Africa's largest infrastructure challenge
- infrastructure funding faces a gap of US\$31 billion a year.

The South African government estimates it will need to invest approximately R1 trillion (US\$142bn) over the long term, with estimated expenditure of R850bn (US\$121bn) between 2011 and 2014 alone, which is largely driven by energy and transport projects. In the South African infrastructure report from Business Monitor International, the infrastructure value is expected to grow from US\$7.4 billion in 2010 to US\$14.4 billion in 2015, forecasted as a 2 percent share of GDP.

However, all these infrastructure developments are not to be undertaken by the government alone. In South Africa, there is a public private partnership (PPP). It is a contract between a public sector institution/municipality and a private party, in which the private party assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project.

Two types of PPPs are specifically defined:

- where the private party performs an institutional/municipal function
- where the private party acquires the use of state/municipal property for its own commercial purposes. A PPP may also be a hybrid of these types.

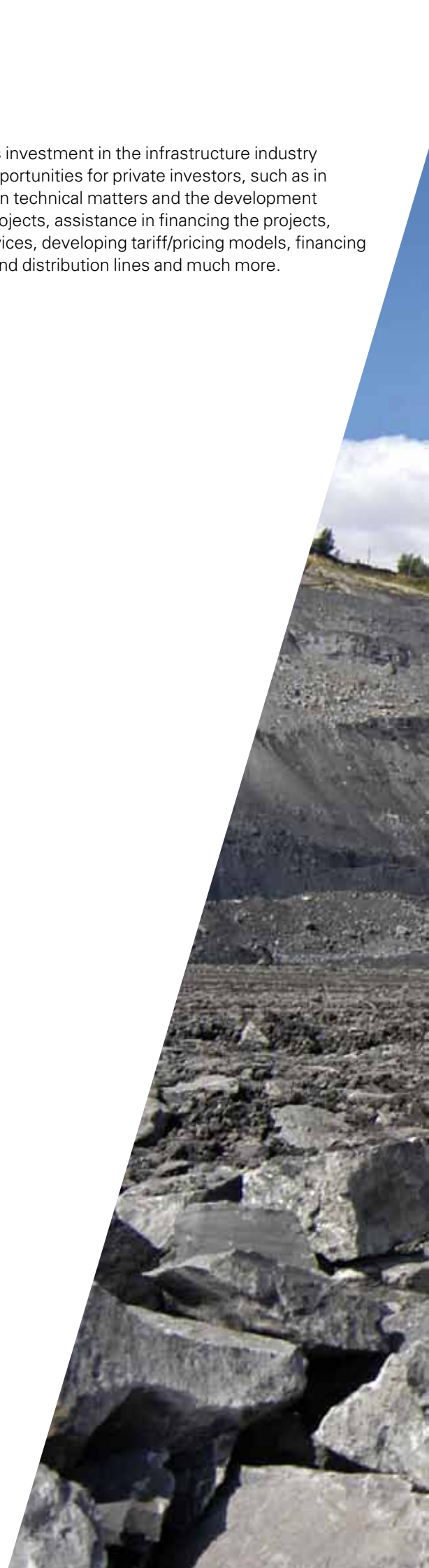
Payment in any scenario involves one of three mechanisms:

- the institution/municipality pays the private party for the delivery of the service
- the private party collects fees or charges users of the service
- a combination of these.

This enormous investment in the infrastructure industry has created opportunities for private investors, such as in giving advice on technical matters and the development of plans and projects, assistance in financing the projects, regulatory services, developing tariff/pricing models, financing transmission and distribution lines and much more.

<sup>3</sup> Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2008 Revision and World Urbanization Prospects: The 2009 Revision*

<sup>4</sup> Source: *Africa Economic Outlook*









# KPMG in Africa





## KPMG in Africa

### Global consistency, local delivery

Africa is showing extraordinary potential and KPMG is operational right around the continent. KPMG is therefore well positioned to serve our clients' needs across Africa.

KPMG is well represented across the African continent. Our offices in Africa are officially integrated, and are managed as one practice across the continent. Individual countries retain their legal independence and local Director ownership. This aligns with KPMG's objective to provide consistent, high-quality services to multi-national, regional and local clients and to enhance the product offering in certain previously under-served markets. Our extensive network of practices allows KPMG clients access to a blend of professionals who are well versed with local conditions, offering clients skilled resources, no matter where they are in Africa.

Currently KPMG Africa Limited practices are situated in the following countries:

- Botswana
- Ghana
- Kenya
- Lesotho
- Malawi
- Mauritius
- Mozambique
- Rwanda
- Namibia
- Sierra Leone
- South Africa
- Swaziland
- Tanzania
- Uganda
- Zambia
- Zimbabwe.

### What makes KPMG Africa different

- Comprehensive 'African footprint' ensuring we can be where our clients are and that we know each other, with a blend of local knowledge and skills
- Africa-wide consistency through the implementation, support and monitoring of key audit and other initiatives from a single point
- Leaders in the key markets of Central, East, West and southern Africa
- High quality, maintained through KPMG's rigorous quality performance procedures.



### Regions and sub-regions

- KPMG in East Africa
- KPMG in Southern Africa
- KPMG in Central Africa
- KPMG in Lusophone Africa
- KPMG in West Africa
- KPMG in Francophone Africa
- KPMG in North Africa

# KPMG in South Africa





## KPMG in South Africa

### The KPMG difference

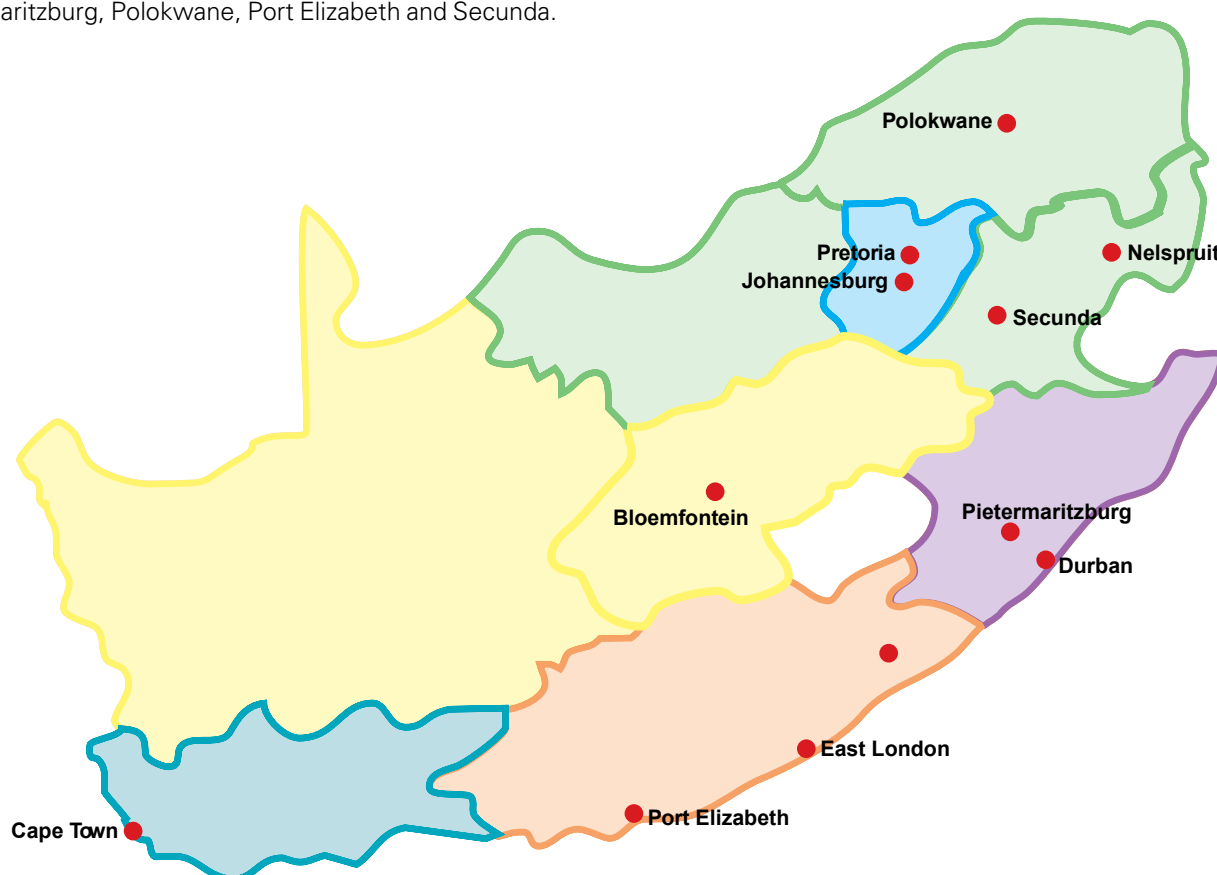
KPMG in South Africa has been operating in various forms since 1895. Through organic growth and strategic mergers, the firm has developed into one of the largest Audit, Tax and Advisory firms in the region. It offers comprehensive services to clients within the public and private sectors.

In South Africa, KPMG has 11 offices: our national office in Johannesburg and regional offices in Durban, Cape Town, Bloemfontein, Pretoria, East London, Nelspruit, Pietermaritzburg, Polokwane, Port Elizabeth and Secunda.

KPMG in South Africa is proud to be part of the KPMG global network of firms. We are proud South Africans successfully operating in the global market place. KPMG's greatest strength is our people: we are outstanding professionals working together to deliver value.

The firm has more than 250 Directors and over 3 000 professionals across all the offices.

We play a pivotal role in bringing KPMG's African practices into a single integrated entity – KPMG Africa Limited.



### KPMG's Local China Practice in Africa

China and Africa trace their political relationship back to the 1960s. China's outbound investment prior to the world economic crisis had already looked to acquiring foreign companies in addition to its continued acquisition of commodities.

The KPMG China-Africa Corridor was established to assist clients from China with establishing business relationships in South Africa and vice-versa.

# KPMG Services





## KPMG Services

### High-performing professionals cutting through complexity

KPMG's network of firms has long been a leader in serving the various industries and is actively engaged with clients around the world, combining global consistency with service that is attuned to the local marketplace. Clients can expect to work with honed professionals experienced in the issues, challenges and risks unique to particular industries and sectors.

Our people are specialists and the best at what they do. We apply deep market knowledge and expertise in Audit, Tax and Advisory to distinguish the relevant and important from the complex and the unnecessary.

Our practitioners use methodologies and toolkits that enable standardised working practices while allowing them the opportunity to learn from others, regardless of their location. Our approach is commercial, practical and efficient; working with our clients to solve the most complex of issues.

### We are organised around our Audit, Tax and Advisory practices:

<b>AUDIT</b>  Our Audit professionals seek to drive efficiency and effectiveness, and enhance the audit experience for the client.	<b>TAX</b>  Our Tax professionals recognise that the globalisation of business and capital flows will lead to greater transparencies and cooperation among tax authorities, and a greater need for tax planning and strategy.	<b>ADVISORY</b>  Our Advisory professionals are at the forefront of risk and capital flows, and seek to provide strategies and tools to help member firm clients mitigate risk, reduce costs and sustain value.	KPMG offers our clients unrivalled experience and expert skills through the integration of a shared vision, local knowledge and global best practice.  Our services are tailored, our advice is specific and our commitment to excellence is absolute.
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### KPMG's Advisory practice – impartiality and a value-adding, progressive spirit

KPMG's Advisory team works with clients to tackle their most complex challenges. Combining our wide range of specialist skills, we provide objective advice and assist clients with the execution of their agreed strategies to help address their issues and realise their opportunities.

In today's business environment, businesses are continuously expanding, restructuring and refining themselves. Making the right decisions at the right time is essential to achieving optimal benefits while mitigating risks. At KPMG, we aim to understand our clients' broader needs, deliver exceptional, well-informed advice and integrate our expertise into viable, relevant, practical end-to-end solutions for implementation.

#### Our Advisory practice works with our clients to address challenges in:

<b>Growth (creating value)</b>	working closely with our clients as they expand and restructure, either through acquisitions or organically.
<b>Governance (preserving value)</b>	providing support to our clients as they adapt to new regulatory environments and assisting in all areas of risk governance.
<b>Performance (maximising value)</b>	assisting with improving efficiency and capacity for growth.

#### KPMG's Advisory practices:

- Take an objective, long-term view
- KPMG professionals bring local knowledge to local issues
- Have an integrated approach to client service, fielding teams of experienced professionals with a breadth of specific Advisory, technical and industry sector skills
- KPMG firms provide advice and assistance to companies, intermediaries and public sector bodies. Our Advisory Services can help you respond to immediate needs as well as put in place the strategies for the longer term.

## Contact us



**Glenn Ho**

**Director: Advisory**

**Head: Local China Practice**

**T:** +27 (0)21 408 7332

**E:** glenn.ho@kpmg.co.za



**Peter Fung**

**Global Chair**

**KPMG Global China Practice**

**T:** +86 10 8508 7017

**E:** peter.fung@kpmg.com



**Thomas Stanley**

**COO**

**KPMG Global China Practice**

**T:** +86 21 2212 3884

**E:** thomas.stanley@kpmg.com

[www.kpmg.co.za](http://www.kpmg.co.za)

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