



IGH Credentials: Economic Growth

KPMG Islands Group

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KPMG Islands Group





KPMG Islands Group is a regional network of KPMG member firms providing Audit, Tax and Advisory services with more than 2,500 outstanding professionals working together to deliver value in The Bahamas, Barbados & the Eastern Caribbean, Bermuda, British Virgin Islands, Cayman Islands, Guernsey, Isle of Man, Jamaica, Jersey, Malta and Trinidad & Tobago.

KIG is uniquely structured across island jurisdictions, having worked together for over 20 years, with common clients and industry sectors including financial services, tourism, healthcare, infrastructure and digital.



Ministry of Investment, Innovation and Social Development, Cayman Islands

Development of a long term Investment and Social Development Strategy for the Ministry

Context

In January 2019, CIG formed a new Ministry of International Trade, Investment, Aviation and Maritime Affairs ("MITIAMA"). On 26 April 2021, MITIAMA was renamed as the Ministry of Investment, Innovation and Social Development ("MIISD"). The strategic focus areas of MIISD include:

Social Development: Support the needs of the vulnerable in the Society; and Enhance the capabilities of the vulnerable to sustain themselves.

Investment and International Trade: Enhance the reputation of the Cayman Islands: make it easier for potential overseas investors to do business in the Cayman Islands economy, and advance the economic and political interest of the Government, People and the Business Community of the Cayman Islands.

Innovation: Formulate and further the Government's digital and innovative platforms for servicing the populace and internal customers; Protect and facilitate electronic commerce and services in the Cayman Islands; and ensure there are adequate tools and resources to carry out the Government's objectives in a modern and secure manner.

MIISD engaged KPMG in December 2019 to assist in development of a long term strategy in order to improve the Cayman Islands' competitiveness and to attract foreign direct investment, by focusing on innovation and social development.

KPMG's role

KPMG in the Cayman Islands was appointed as the advisor to the Ministry to assist with:

- Data gathering and public/private stakeholder engagement and surveys;
- Benchmarking analysis and the identification of potential areas for economic diversification based on stakeholder feedback;
- Development of the long term strategy with a focus on:
 - a. Ease of doing business and competitiveness as part of a wider initiative to maximize social development and employment opportunities for Caymanians;
 - b. Economic Diversification;
 - c. Attracting foreign direct investment
- Prepare a high level strategy implementation roadmap.

Outcome

The long term strategy report was prepared and presented to the Ministry in April 2021.

Key Contacts

Niko Whittaker
Partner

Sam Story
Principal

Isle of Man Government

Economic Strategy for the Isle of Man

Background

In the wake of the COVID-19 pandemic, the Isle of Man Government wished to assess the structure and performance of the Island's economy and the potential challenges and opportunities presented by global trends with a view to developing an ambitious economic strategy that would set the Island on a growth trajectory for the next decade. They sought to appoint a strategic partner to support them on that journey.

KPMG's role

The Isle of Man Government selected KPMG as its strategic partner, recognising that our proposal provided the Government with access to a team combining strong knowledge of the local market and extensive expert input from our global network of member firms and alliance partners, including Microsoft, Amazon, Google and Eurasia Group.

Our work on the project has included:

- Preliminary workshops to explore and test Government's initial vision and underpinning strategic themes with political representatives and stakeholders from the Island's business community.
 - Economic research and analysis, across both macro and micro economics, using the clients available and KPMG proprietary data relevant to strategic themes emerging from the preliminary workshops.
 - Consultation with stakeholders from the Island's business community to identify strengths and challenges for the Island.
 - Consultation with experts throughout our global network in relation to trends and potential opportunities for the Island across a range of sectors and geopolitical analysis from our alliance partner, Eurasia Group.
 - Analysing current economic performance and developing and appraising scenarios
 - Macroeconomic modelling, forecasting
 - Identification and evaluation of policy levers available to Government to realise opportunities and address challenges.
 - Consolidation of the evidence base and policy work into a strategic economic framework to inform the Government's economic strategy.
- Finally, the work involved supporting the Government in developing a monitoring program, enabling it to evaluate economic performance and progress against its strategy on an ongoing basis – ensuring real change was achieved.
- Deliverables of the KPMG Economic Strategy, 'Our Big Picture', are constructed across five key phases;
- Phase 0 - The Economic Vision – a presentation summarising views gained from the initial consultation with the business community and Government representatives
 - Phase 1 - Research and Review (Macro Economics) – a written report highlighting the Island's strengths, weaknesses, opportunities and threats
 - Phase 2 - Development of Policy Levers and Macroeconomic Model – identifying, assessing and prioritising policy levers which could be pursued to achieve the vision developed in Phase 0, with the aim of addressing the challenges and opportunities identified in Phase 1
 - Phase 3 - Formulate a Strategic Framework - drawing together the evidence base and policy levers development work to develop an action plan
 - Phase 4 - Establish a Monitoring Program – offering the ability to monitor and evaluate performance on an ongoing basis

Outcome

Government has published its draft economic strategy for consultation and, alongside it, our evidence base and strategic economic framework reports. <https://www.gov.im/economicstrategy>

The detailed evidence base we collated and our rigorous identification of potential policy responses provided a solid basis for productive political debate and the design of the future economic strategy built on a robust evidence base and with insight from over 35 SME teams.

Key Contacts

Simon Nicholas

Partner

David Watterson

Senior Manager

MIISD Strategy

Long term strategy for the Ministry of Investment, Innovation and Social Development

Background

The Cayman Islands Government's Ministry of International Trade, Investment, Aviation and Maritime Affairs ("MITIAMA") was targeting economic growth through foreign direct investment. Its aims were to drive the competitiveness of the Cayman Islands; improve the ease of doing business; and attract new businesses and entrepreneurs to establish themselves there.

In April 2021, when the new Cayman Islands Government was formed, MITIAMA was renamed as the Ministry of Investment, Innovation and Social Development ("MIISD").

As opposed to looking at attracting foreign direct investment to grow the economy, MIISD has more of a focus on social development as a means to improve quality of life for everyone and reduce the wealth disparity within the Cayman Islands.

MIISD aims to fulfil Cayman's potential to be the best that it can be, which results in success and prosperity for all. This new focus is embedded in social development and sustainability. Its main aspirations are to improve education, healthcare and infrastructure; diversify the economy; and improve the overall sustainability of the Cayman Islands.

KPMG's role

KPMG was originally engaged by MITIAMA to assist in developing an International Trade and Investment Survey & Strategy for the Cayman Islands.

Under the new Ministry, the goal of the strategy was to improve the Cayman Islands' competitiveness and attract investment, to light the path for the continued, sustainable, long-term advancement of the Cayman Islands and its people.

KPMG and our member firms assisted MIISD in developing the long term strategy for the Cayman Islands. Our scope of work was carried out in 3 phases:

1. Data gathering and public/private stakeholder engagement and surveys;
2. Benchmarking analysis; and
3. Development of the long term strategy based on findings of the data gathering, stakeholder surveys and benchmarking exercises.

Outcome

Since the Strategy Report was issued and presented to the new Minister, the Cayman Islands Government has started to explore a number of the suggestions and recommendations that were contained within it.

So far, the following requests for proposals have been issued:

- A value of solar study, to explore the costs and benefits of pursuing increased solar power generation in the Cayman Islands
- A review of the Cayman Islands National Energy Policy, to assess whether it is still fit for purpose and what updates are required, five years on, since it was issued
- An outline business case for a third submarine fiber cable connecting to the Cayman Islands, to boost the technology sector and future-proof the Cayman Islands' digital connectivity and communications as the two existing fiber cables approach the end of their useful lives

Each of these projects were either directly or indirectly referenced in the strategy report.

Key Contacts

Niko Whittaker

Partner

Sam Story

Director

Economic impact studies



A selection of credentials:

APS Bank – report outlining the size of public sector in Malta

- KPMG in Malta was engaged by a Maltese bank to estimate the size of the public sector in Malta and determine the impact of Maltese Government spending on the economy.
- KPMG in Malta's report compared the size of the public sector in Malta with other jurisdictions and presented possible linkages between international events and their impact on local public finances. The report considered specific international events, including commodity prices, inflation, exchange rate variations, and the international money supply.

Malta Gaming Authority – assessment of the implications of land-based casino liberalization

- In order to sustain and grow the economic advantages brought about by the gaming industry, the Malta Gaming Authority was interested in assessing the potential benefits and costs of increased liberalization of the land-based casino market.
- KPMG in Malta prepared a briefing document outlining: the current situation and liberalization options; economic analysis of the impact of each option, and relevant policy recommendations given within the context of a case study from a different country.

Bermuda Tourism Authority – economic impact assessment of a major golf tournament

- In 2019, the Bermuda Tourism Authority ("BTA") entered a sponsorship agreement to host the PGA TOUR Bermuda Championship annually for five years. The BTA engaged KPMG in Bermuda to assess the economic impact of the event in relation to net contribution to GDP and achieving the BTA's strategic goals related to sports tourism. *Bermuda Championship: Economic impact assessment reports* for 2019 and 2020 are available online to the general public. The report quantifies and summarizes the economic, media and legacy value of the event.

Malta Tourism Authority – assistance with a visitor survey of the Isle of MTV event

- The Isle of MTV is a live annual music event organized by MTV Europe and is hosted locally by the Malta Tourism Authority since 2007. The Authority had asked KPMG in Malta to help them gain a better understanding on the profile of visitors of the event.
- KPMG in Malta's role in this project was to carry out a visitor survey and compile a number of key statistics and figures on the individuals who attend the Isle of MTV concert with the aim of building a visitor profile. KPMG in Malta conducted over a thousand on-site surveys and gathered key statistics on the attendees which were summarized in a report delivered to the Malta Authority in October 2016.

Bermuda tax reform

Financial advisory services

Context

Payroll tax is the single largest source of tax revenue for the Government of Bermuda; contributing 40% of total annual revenue.

In 2016, the Bermudian Government announced its intention to restructure Payroll Tax in order to: reduce the burden on low income employees by replacing the flat tax rate with a progressive tax rate; and increase annual Payroll Tax revenue over a three year period in order to reduce the budget deficit.

In 2018, KPMG in Bermuda Advisory staff were seconded to the Ministry of Finance ("MoF"), extending the original engagement scope to assist with:



Modelling the possibility of widening the marginal payroll tax rates



Analyzing a proposal developed by the Association of Bermuda International Companies (ABIC) "tax incentives to grow jobs"



Updating calculation tools for payroll tax liability

KPMG's role

KPMG in Bermuda was engaged to model the new payroll tax structure proposed in 2016, provide online guidance for taxpayers, and assist with its implementation in a way that minimized administrative costs of collecting the tax.

Following successful completion of the first phase, KPMG in Bermuda was engaged again, in 2018, to overhaul the tax structure to make tax rates more progressive by:

- financial modelling of marginal tax rates;
- using prior data, modelling a range of scenarios and options, and analyzing the associated outcomes, for consideration; and
- based on feedback from the Ministry of Finance, development of a summary of the changes and impact, for further presentation to various stakeholders.

Outcome

- The Bermuda MoF introduced new, more progressive tax rates in 2017.
- The analysis of the ABIC tax proposal was used by the MoF to constructively challenge and develop tax incentives for job creation.
- Development of an Excel tax calculator tool, hosted online by the MoF and used by the taxpayers, to estimate their tax liability.

Key Contacts

- Mark Allitt**
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Richard Hobday
Director

European Commission

The Directorate-General for Structural Reform Support ("DG REFORM") helps EU countries to design and implement reforms as part of their efforts to support job creation and sustainable growth

Distributed Ledger Technology, Security Analysis, Business Continuity and Disaster Recovery Plans

The Malta National Planning Authority ("the Authority") engaged KPMG in Malta to develop a comprehensive Information and Communications Technology ("ICT") strategy to enable the authority to have a short, medium and long-term plan on leveraging Distributed Ledger Technologies, further improving its security landscape, and updating their policies regarding business continuity planning and disaster recovery to improve resilience, as well as an ICT Risk Register to enable the Authority to assess, manage and monitor its ICT related risks.

The 12-month project was predominantly workshop-led and segmented across three phases to first map current state, develop the strategy and roadmap and a follow-up plan to see the Authority in their roll out, monitoring and revision of the strategy.

DigIT-X: Digital and Interoperable Public Services Designed on Client Experience

The Government of Malta engaged KPMG to assist a public sector digitalization entity in undertaking the end-to-end digital transformation of 20 public sector services, and set up a Digital Transformation Hub.

This engagement was initiated to act as a showcase of end-to-end digitalization both on a national as well as a European level. Chosen services range from records keeping systems, application processes and user-consent portals.

The 18-month project was split into five phases:

- Documenting the as-is process through the creation of as-is BPMN models, user journey mapping and Makigami modelling,
- Building a business case for transformation,
- Defining business requirements,
- Creating the to-be process models, and
- Developing to-be technical architectures.

Due to the size of this project, KPMG used a co-creation approach where models, requirements and architectures were developed together with the key stakeholders and product owners as to ensure full buy-in by all the interested parties.

Key Contact
Marco Vassallo
Partner

Malta Ministry of Education and Employment

Work Program Initiative

Context

The client contracted KPMG to be one of the three private service providers, entrusted with enabling the long-term registered and non-registered unemployed individuals in getting back into work by creating tailor-made upskilling programs that would supplement the skills they need for today's working environment.

KPMG's role

The Work Program Initiative was built using a three-phased approach:



The Profiling Phase – a one-to-one interview referred to as a 'profiling' interview was carried out with each participant who enrolled into the initiative. Information was gathered on the participant's interests, skills, level of work motivation, preferred occupations, desired working conditions and other relevant information. Here the participant's needs were assessed and an individualized action plan was developed.



The Training Phase – Each participant started a customized program in line with their personalized action plan for upskilling for today's workplace. The training courses were specifically designed to cater for the needs of our target audience, and, as our know-how of the target group continued to grow, a number of additional courses were developed. The training courses developed were categorized into three main types – training focused on the development of job seeking skills, training focused on the acquisition of basic literacy and numeracy skills and training focused on the acquisition of specific work-related skills such as customer care, marketing skills, IT and communication skills.



The Placement Phase – A range of job-matching and job-brokerage methods was utilized to place participants into employment. Together with acting as a link between our participants and employers, we also took on the role of mediator in order to find the best working arrangement for all parties.

Outcome

- Over 743 long term unemployed individuals to the WPI enrolled into the WPI, of which over 310 participants were attracted to the WPI via our outreach campaign.
- 507 participants stayed on the program and fully trained.
- 80 individuals were referred to another program, as the WPI was not deemed suitable.
- 249 participants successfully got back into employment

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