

2014

ATMS Impact Report



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2014 Results at a Glance

This report covers the period January to December 2014. In line with the results-based approach to project management, the report provides an overview of the portfolio, and an

analysis of development impact attributable to project inputs, activities and outputs in the year.

135,229

We supported the creation and maintenance of 135,229 jobs last year

\$4.0 billion

We assisted AMSCO clients to generate sales revenue of over \$4.0 billion, a 38% growth from the previous year

197

We supported 197 SMEs and a total of 213 African enterprises at year end 2014

3,563

We trained 3,563 people in Executive Leadership, Corporate Governance, Quality management, Banking and Finance, Soft skills, HIV/AIDS, Technical and Specialized training

\$110 million

AMSCO clients paid \$110,592,730 in corporate tax to African host governments and over \$428 million over the past 5 years

321

We seconded 321 Top Management, Functional and Technical professionals to 213 African enterprises at year end 2014

\$405.3 million

We assisted AMSCO clients to generate sales profits of over \$405.3 million

Introduction

AMSCO is a pan African organisation that provides integrated human capital development solutions to private and public businesses across sub-Saharan Africa.

AMSCO implements the African Training and Management Services (ATMS) Project of the United Nations Development Programme (UNDP). Its ability to develop local management skills and strategically place globally experienced talent in client companies contributes to the overall growth and health of the businesses as well as the economies within which they operate.

AMSCO delivers three human capital development solutions to client companies – Talent Acquisition, specialising in Expatriate Management and Recruitment Services; Training and Development; and Development & Advisory Solutions. AMSCO chooses its clients carefully through a strict due diligence process. It seeks to partner with SMEs and large companies that have impressive and proven business track records as well as with start-ups that have growth potential.

The ATMS Foundation (the “Foundation”) fulfils a fiduciary role under the ATMS Project and provides financial support, on behalf of donor agencies, to the SMEs most in need. The Foundation assists client companies by partially funding the cost of the expatriate management as well as the cost of training programs for company staff with the primary objective to improve upon the skills in the workforce. The Foundation also provides financial assistance when funding is available to selected programmes that AMSCO implements, evaluating each programme on an individual basis.

The ATMS Project is currently in its fifth Project Cycle which runs from 2013 to 2017. Under this phase, ATMS is working with governments to specifically focus on empowering private sector enterprises, mostly SMEs, to improve their profitability and sustainability, resulting in greater employment creation and poverty eradication. AMSCO, as the implementing arm of the Project, is working to achieve this mandate by focusing on the following objectives:

- To increase the number of SMEs assisted with interim management;
- To improve revenue/sales of assisted companies;
- To improve profitability of assisted companies;
- To increase tax payments to governments;
- To develop local successor managers and transfer managerial and technical skills;
- To increase the number of local skilled employees; and
- To enhance employment creation and sustainability.

AMSCO is responsible for identifying potential clients and screening them to ensure clients meet the ATMS Project criteria, as agreed upon with the UNDP. AMSCO undertakes a due diligence process to assess factors such as business environment, conformity with development priorities, potential for training and up-skilling of staff, potential for financial sustainability, company growth, women empowerment, environment conservation, and social development. In addition, the company size and ownership structure are also taken into consideration when evaluating clients.

2014 Economic Overview for sub-Saharan Africa

In 2014, Africa's GDP grew by 3.9%. This was a slight improvement to the previous year's growth of 3.5% and the global growth rate of 3.3%. According to the African Development Bank (AfDB), Africa is expected to continue to grow in the near term at 4.5% for 2015 and 5% in 2016. Based on these forecasts, Africa is the world's second fastest growing continent, after Asia which has a growth rate of a little over 6%.¹

Africa is home to a third of the world's resources. Contrary to the past decade in which Africa's growth was spurred by improved governance and economic reforms, in addition to high commodity prices, Africa is now expanding due to growth in various sectors. Tourism has boomed and the number of foreign visitors doubled from 2000 to 2012. Nigeria, which is Africa's biggest economy and has Africa's second largest oil reserves, is registering growth from service industries, construction and banks. Angola, which is a large oil producer, is expanding quickly in the fishing industry, agriculture and manufacturing and currently a third of government revenue comes from non-oil sources. Other countries also diversifying successfully include Rwanda, Zambia, and Congo-Brazzaville.² Africa's diversifying economy will help to continue to drive its growth and mitigate risks of falling commodity prices.

However, Africa's growth in 2014 varied across regions.

East Africa led the growth at 7.1% compared to 4.7% the previous year. West Africa registered a surprising 6.0% growth rate despite the Ebola crisis which affected a number of economies. Central Africa grew by 5.6%, evidence of strength in the economy considering political instabilities and the fall in oil prices and also due to a strong growth rate from the DRC at 8.9%. Southern Africa posted the slowest growth rate in sub-Saharan Africa of 2.7%, down from 3.6% in 2013, primarily due to South Africa, the largest economy, which grew at a mere 1.5%. Other countries in the Southern African region grew significantly faster at an average of 7.4% with Mozambique leading the growth.³

Africa's growth rate by region

(Real GDP growth in percent)				
	2013	2014 (e)	2015 (p)	2016 (p)
Africa	3.5	3.9	4.5	5.0
Central Africa	4.1	5.6	5.5	5.8
East Africa	4.7	7.1	5.6	6.7
North Africa	1.6	1.7	4.5	4.4
Southern Africa	3.6	2.7	3.1	3.5
West Africa	5.7	6.0	5.0	6.1
Memorandum items:				
Africa excl. Libya	4.0	4.3	4.3	5.0
Sub-Saharan Africa	4.7	5.2	4.6	5.4

Note: (e) estimates; (p) projections.

Source: Statistics Department, African Development Bank.

¹ AfDB Annual Report, 2014

² The Economist, January 2015

³ AfDB Annual Report, 2014

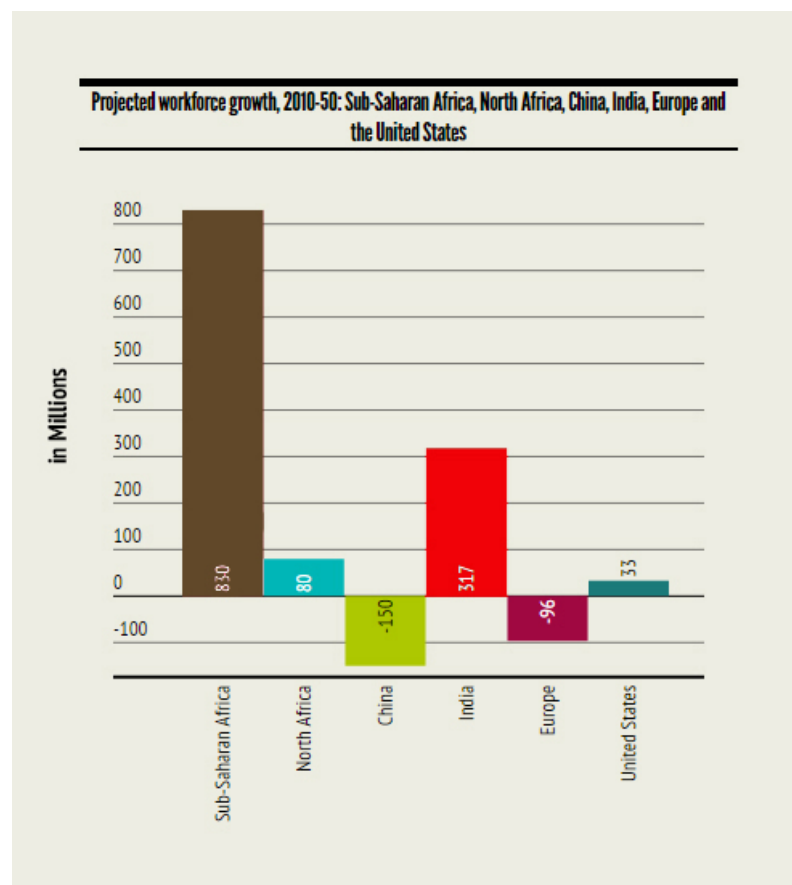
Future Challenges and Concerns

Despite the historical growth and positive forecasts, Africa is faced with a number of challenges. One major area of concern is the growing workforce which is expected to increase by 830 million in sub-Saharan Africa between 2010

and 2050. Approximately 19 million youth are expected to join the labour markets in 2015 and over the next 15 years, average growth per year is expected to be 24.6 million per year. This growth in the workforce represents a staggering two-thirds of worldwide growth.⁴

In order for Africa to absorb the high levels of the new workforce, African countries will need to grow the private sector and maintain an enabling work environment to support such growth. Furthermore, African countries will need to ensure that the youth are adequately trained and educated to match the potential future job markets. Other areas that governments will need to improve upon to sustain private sector growth and job creation include governance, Africa's markets and their integration, infrastructure and political stability.

Another concern going forward is Africa's competing markets. African products and services will continue to compete against those in global markets offered by foreign companies. African companies will need to position themselves to continuously make improvements upon their offerings in terms of quality and cost in the face of fierce competition from abroad, particularly stemming from Asia where offerings are relatively cheap and quality high. African governments, as mentioned above, will need to assist with creating an enabling environment from which African businesses and their products and services can compete. African governments need to also support businesses by making necessary policy changes that will boost the African goods and services.



Source: UNDESA (2012).

⁴ African Economic Outlook 2015, UNDESA estimates

Addressing Africa's Challenges through Private Sector Development

In order to overcome the challenges that lay ahead as well as to reach the Millennium Development Goals established in 2000 to address extreme poverty, Africa needs innovative development solutions. The private sector is now recognised as one of the keys to economic growth and a significant contributor to reducing poverty. In light of this, the private sector needs the necessary support to be equipped to drive Africa's growth and economic sustainability.

As mentioned previously, Africa needs to ensure that its private sector and its businesses are competitively positioned in the global markets. Africa's youth need to be adequately prepared, acquiring the requisite vocation and entrepreneurial skills, to enter the growing workforce and to contribute efficiently. Governments need to create an enabling environment for private sector development and

to continuously improve upon governance and the ease of doing business.

At the same time, African governments should strive towards Inclusive Growth – “equitable opportunities for economic participants during economic growth with benefits incurred by every section of society.”⁵ Economic growth and prosperity have not been evenly divided despite Africa's rapid growth over the past decade, and inequality has become a major challenge in most African economies. 40% of Africa's population lives on less than \$1.25 a day and half of income generated on the continent goes to approximately 10% of the population.⁶ The large gap that remains in opportunities between rural and urban areas needs to be narrowed. African governments and the organisations that support them must think and plan strategically going forward in order to change the historical trends and to drive growth that is more evenly spread among all socio-economic classes and locales.

⁵ https://en.wikipedia.org/wiki/Inclusive_growth

⁶ AfDB Annual Report 2014

Performance

In 2014 the main objective for ATMS was to restructure the organisation for maximum efficiency and to further business development. As a result of these organisational changes as well as internal position vacancies and several operational challenges, AMSCO struggled to grow its client reach significantly. In spite of this, the overall performance of the ATMS Project in 2014 was positive as measured by outputs delivered (as opposed to targets reached). The outputs that have been measured as seen in this section are primarily based on a few selected indicators, such as portfolio growth (clients and managers), portfolio mix, number of training programs implemented, and number of trained staff.

Placement and Recruitment

By year end 2014, ATMS had 321 Management, Functional and Technical professionals placed at 213 client companies. Due to various reasons, AMSCO was unable to meet the targeted budgets of 477 managers and 292 clients for 2014. One significant setback was the delay in approval of the ATMS V Project Cycle during 2013 which led to limited business development until the second half of 2013 and lower than expected portfolio growth into 2014 (AMSCO's builds off its existing portfolio base each year since the average client duration is 5 years). In addition, AMSCO implemented significant organisational changes, including position changes for staff and management, which contributed to the slower than expected pace of new business acquisition. The table below details AMSCO portfolio movements during 2014 which led to year end portfolio results.

	AMSCO Managers	Clients
Starting balance - Jan '14	305	209
Completions	-75	-41
Suspensions	-3	-10
Reinstatements	21	21
Early terminations	-67	-21
New acquisitions	140	55
Closing Balance - Dec '14	321	213
Growth rate	5%	2%

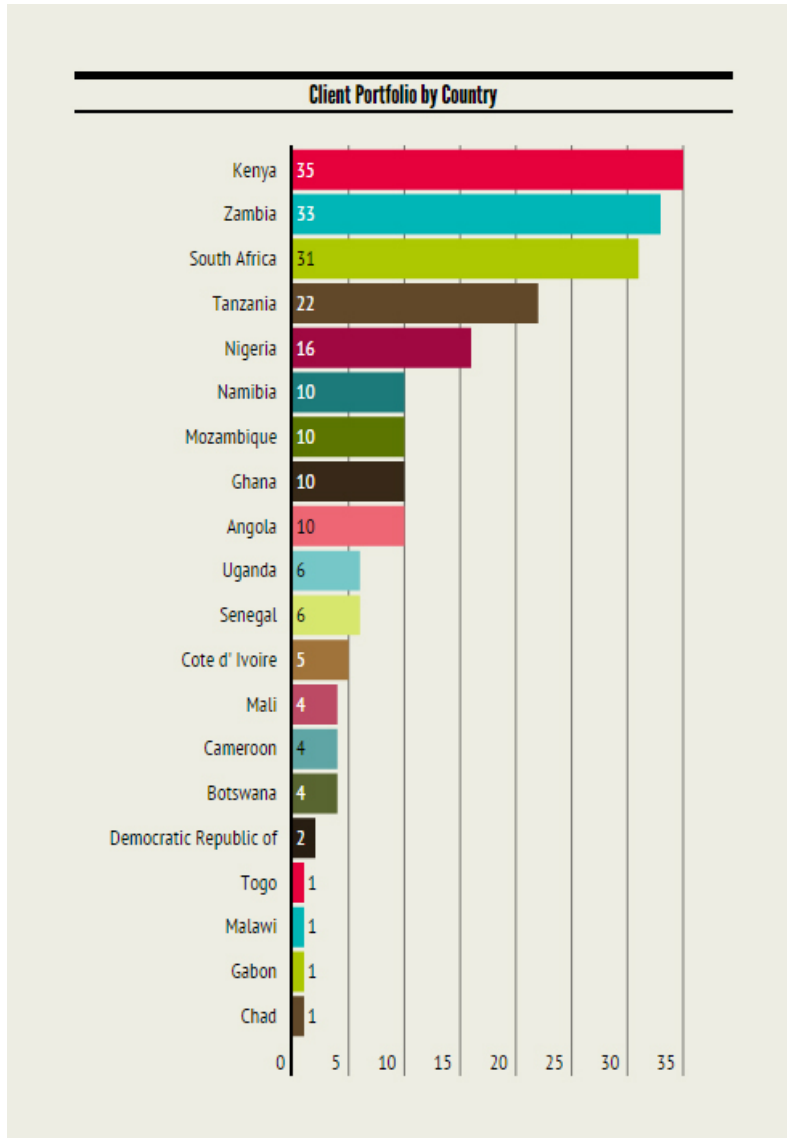
As the table indicates, 41 client companies and 75 managers successfully completed their assignments during 2014. There also were a number of early terminations and completions. These changes stunted AMSCO's portfolio growth; nevertheless the portfolio of managers and clients grew slightly by 5% and 2%, respectively.

AMSCO's activities remain highly concentrated in nine major countries of operation (namely, Tanzania, Kenya, Mozambique, South Africa, Zambia, Angola, Ghana, Nigeria and Namibia) which accounted for 83% of all clients under contract in 2014. This concentration reflects the economic importance of these core countries which account for 75% of aggregated GDP of the Sub-Saharan region.

Based on the year end portfolio mix, 50% of the AMSCO managers occupy senior to executive level management functions, while 32% are functional heads, 11% have operational positions and 7% have technical positions. AMSCO's broad range of operational and top management

staff provide support to the client companies to ensure efficiency within company operations and the delivery of training programs, ultimately leading to various company

achievements and broad development impact on local communities. At 23%, the majority of managers are seconded to the Finance and Insurance sector, followed by the Professional and Technical sector at 17%. The greatest number of seconded managers at 12% are from South Africa, followed by the U.K. at 10%, India at 9%, and then the USA and France tied at 8%.



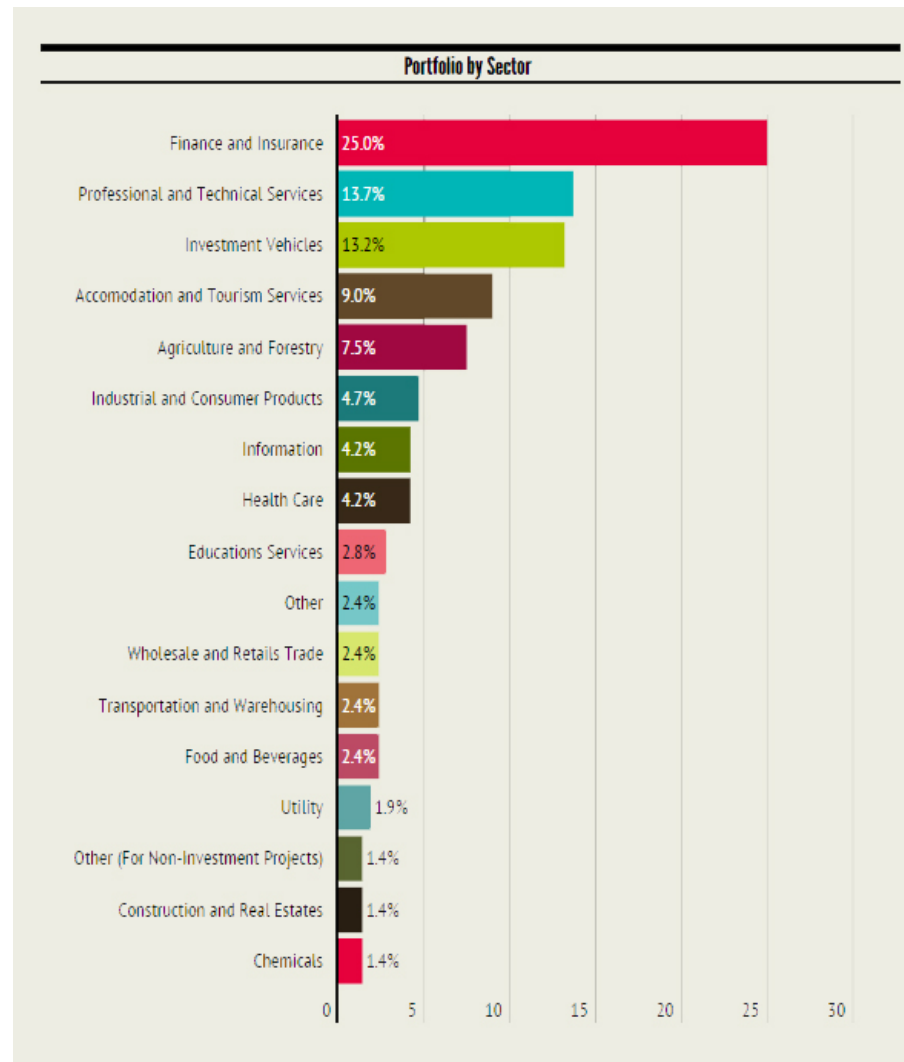
As at year end, the portfolio is dominated by the Finance and Insurance sector, at 25%, with the majority of the companies in this sector being small companies. At 52% the small companies dominate the portfolio followed by the medium size companies at 26%; in total, SMEs constitute 78% of the total portfolio.

AMSCO offers added value by providing services in African countries where existing commercial recruitment and management development service providers cannot accommodate the growing business needs. AMSCO provides a full complement of recruitment services including search, selection and placement of qualified staff.

Succession Planning

Succession Planning is defined as the development of local staff by the AMSCO Manager. In some cases an AMSCO Manager develops a single staff member to prepare him to take over his role when he completes his placement at the company. Other times, several staff are trained to cover the different responsibilities held by the AMSCO Manager. In cases where an AMSCO Manager cannot easily be replaced, the AMSCO Manager is tasked with developing staff member in order to prepare them for various job promotions.

A good number of AMSCO managers are involved in various stages of succession planning with small enterprises



leading the succession planning processes. During the reporting period, of the 157 managers who submitted reports, 57% had prepared succession plans, 55% had identified successors, and 51% had started on developing a successor. Some of the reasons cited for slower than expected progress on succession planning include a need for general up-skilling of staff, various operational challenges and changes, and staff turnover.

Capacity Development

Training and Development:

A number of training activities are implemented during the course of the ATMS intervention in client companies which have been divided into two major categories: on the job training coordinated by the AMSCO Manager and the ATMS supported capacity building activities. Additionally, since 2013, AMSCO has been actively conducting training programmes for non-AMSCO clients (i.e., companies that do not have an AMSCO Manager placed). The objective of consistent capacity development is to up-skill employees enabling them to operate more effectively and productively resulting in enhanced company performance and competitiveness.

In line with the mandate of addressing private sector skills development, in 2014 a total of 3,563 participants were trained as a result of ATMS initiatives. 34% of the total trainees were female. These figures include both training programmes conducted at AMSCO client companies and non-AMSCO client companies. The table below provides more detail on the kinds of training programmes that were implemented in 2014.

Category of training	Type of training	Training Activities	People trained	Women trained
Corporate Governance	Corporate Governance	2	14	9
Executive Leadership Development	Strategic Planning for Global Competitiveness	3	14	1
	Senior and Executive Management & Leadership Development	22	96	36
	Middle Management Development/ 7 Habits of Highly Effective People	9	57	-
	Supervisory	6	74	31
Quality Management	ISO Certification	4	432	109
HIV/AIDS, Health and Safety, Environmental Standards	Awareness, Advice and Support	4	41	22
Company Specific Programmes	Industrial Training: Machine Operation; Technical Skills Development, Machine Maintenance, Production, Warehousing	9	47	5
	Technical/Specialised Training: Software Training e.g. Sage, Peachtree, Patel; Hospitality Training e.g. House Keeping, F&B; IATA, Project Management; Agric and Agribusiness; Procurement & Logistics	35	450	72
	Banking & Finance/Insurance Training: Income Debt Securities, Mutual Fund Management, Tax Related Training, Risk Management and Insurance; Credit Management; Accounting; Treasury	50	412	180
	Soft Skills/Basic Training: Computer Literacy Courses; Customer Care Courses; Communication Skills Training; Presentation Skills Training; Team Building Courses; Negotiation Skills Training; Time Management; Sales & Marketing	30	1,672	648
	Administration and HR: Effective Administrator; Effective Personal Assistant; Secretarial; Workplace Ethics; HR Policies and Procedures; Labour Relations; Payroll	8	22	10
	TOTAL TRAINING		194	3,447

2014 training figures reduced significantly from 2013 primarily due to lack of grant funding which has in the past supported many AMSCO training programmes as well as individual client training programmes.

AMSCO Client Training	2014	2013	% Difference
Total Training Activities	194	468	-41%
Client Employees Trained	3,447	6,100	-56%
Female employees trained	1,175	1,962	-60%

Training Programmes at Non-AMSCO Client companies	Companies	Training events	People trained	Women trained
West Africa Region	5	6	85	18
East Africa Region	2	3	10	4
Southern Africa Region	10	3	21	9
Total	17	12	116	31

2014 was a year of innovation for AMSCO's Training and Development department. A new range of programmes to address specific markets and individual client needs were introduced to the existing bouquet of programmes offered by the department for both focused and company specific training.

Focused programmes:

Focused programmes are tailored for individuals drawn from different organisations with similar needs. The programmes provide the opportunity for in-depth exploration of specific topics. AMSCO offers them to enterprise employees in sub-Saharan Africa. For the training and development series of leadership programmes, the Reddin 3 Dimensional Managerial Effectiveness Seminar which teaches managers how to fill the gap between theory and practise using action learning was added, with the first programme running in South Africa. Due to its success, the programme will be rolled out to East and West Africa in 2015. To complement

corporate governance programmes, AMSCO introduced the Board Leadership programme which tackles the roles and responsibilities of directors to the organisations on whose boards they sit. A Women in Leadership programme targeted at women in senior positions in organisations and entrepreneurs, aimed at strengthening their sense of empowerment and helping them manage their professional and personal lives was also organised. AMSCO ran thirteen open enrolment programmes, organised and implemented across sub-Saharan Africa in 2014. In addition to those mentioned above, some of the other programmes included Leadership and Management, Finance for Non-Finance Managers, Strategy Execution, and Managing for Results and Managing Managers for Results run in partnership with the Gordon Institute of Business Science (GIBS), a leading business school in Johannesburg.

Company Specific programmes:

These programmes are specifically designed and tailor made to address the needs of an individual company. Two new programmes were introduced in this area in 2014. The Agent Network Accelerator programme was introduced for AMSCO client organisations which are transitioning to regulatory financial institutions and depend on building an agent network to deliver their services. The programme focuses on the strategies for building and managing the networks and agents. AMSCO also ventured into the area of Housing Microfinance training. This was organised for a client in the microfinance industry who introduced a new housing product to its portfolio. Ten company specific programmes were conducted for both client and non-client companies in 2014. The programmes that ran in the different regions included Strategy and Change Management, Corporate Governance, Sales and Negotiation, Supervisory Skills and Safety Training, among others.

Sectorial programmes:

AMSCO organises sector specific training to examine and address the needs of a particular industry. The sectorial initiatives are intended to tackle gaps that have been identified in the industries and improve business operations while upgrading the skills of the participants. In 2014, AMSCO organised one sectorial intervention for the Insurance industry in Zambia, targeting entry to mid-level management. A total of 22 participants from 8 organisations benefited from this programme. The programme was subsidised by funds from The ATMS Foundation.

Development Assistance Programmes

In 2014, AMSCO's Development & Advisory Solutions Programmes (DAS) was renamed from Technical Assistance Programmes to capture the new shift and orientation in strategy and also to connect with the current thinking within the development sector.

AMSCO works with various development partners through targeted interventions for private sector development, entrepreneurship and improved livelihoods. Partners may in full or in part fund projects bringing multiple players together to promote capacity development. In 2014, AMSCO implemented or began the groundwork for three DAS Programmes as described below.

Zambia Business in Development Facility (ZBiDF):

In 2014 the Swedish International Development Cooperation Agency (SIDA) through the Embassy of Sweden in Zambia, partnered with AMSCO and the ATMS Foundation by funding US\$1.5 million towards a development programme called Zambia Business in Development Facility (ZBiDF). This is a partnership hub designed to promote cross-sector partnerships in business and is implemented by AMSCO.

ZBiDF is a multi-stakeholder private-public sector platform aimed at increasing the quantity, quality and impact of cross-sector partnerships for development in Zambia. The facility is coordinated by the National Coordinator and three partnership brokers focusing on three sectors: Agriculture, Extractive Industries and Manufacturing. ZBiDF will take the lead in bringing Zambian agribusiness, government and civil society stakeholders together in the execution of breakthrough partnerships for improving produce, marketing, extension services, irrigation, etc. In addition to overall management services, AMSCO has provided the technical expert resources and will monitor the progress and impact of the facility.

Fund for Local Cooperation in Agribusiness– Embassy of Finland:

AMSCO engaged the Embassy of Finland in Lusaka for the implementation of a 12 month management support project for 2 farmer owned companies (Manyonyo Irrigation Company Limited and Nzenga Irrigation Company Limited) under the GRZ Small Scale Irrigation Project (SSIP). This project is expected to be funded and implemented in 2015.

AMSCO's development intervention in this assignment involves strengthening governance structures within the two entities, establishing and developing business processes for the enterprises, and developing the capacity of management and staff of the firms. At the farmer level, AMSCO will train the farmers on entrepreneurship and basic business principles.

Ekiti Y-Cad:

In Nigeria, AMSCO partnered with Ekiti State Government in Nigeria and the UNDP to empower young people to become emergent farmers as well as to improve the capacity of the state to grow its agricultural potential. The intervention is aimed at:

- Providing necessary technical and managerial farming skills for commercial agri-business start-up and expose the selected unemployed youths using a “learn on the farm” approach
- Facilitating the acquisition of advanced skills for commercial agri-business start-up and expose the selected youths to skills required to operate and manage commercial farms
- Stimulating entrepreneurial development and shifting conventional thinking among selected youths as well as smallholder farmers

Going forward, AMSCO seeks to offer similar projects to other states in Nigeria as well as other African markets.

Growth Oriented Women Enterprises Programme (GOWE):

The Growth Oriented Women Enterprises (GOWE) programme is an ATMS programme in Kenya which is implemented by AMSCO on behalf of the African Development Bank (AfDB). The Programme has two components – the Guarantee Facility provided by AfDB for Women Entrepreneurs in Kenya and the Technical Assistance component. AMSCO manages the technical assistance portion that focuses on training women entrepreneurs and their staff. The training is aimed at enhancing their management and business skills, which have been identified as major challenges faced by entrepreneurs in their efforts to grow their businesses. In 2014 AMSCO trained 296 women within the areas shown below.

	Training sessions (2014)	Participants (2014)	Training sessions (2010-2014)	Participants (2010-2014)
Expand Your Business (EYB)	3	69	8	176
Business Planning (BP)	2	19	6	115
Business Edge	1	25	3	50
Improve Your Business (IYB)	7	140	13	276
Total	13	296	30	617

During 2014, trainings were conducted for the county governments of Kisumu, Embu, Eldoret, Bungoma, and Mombasa and also for Tullow Oil Company in Turkana.

ATMS Foundation Grants Provided to AMSCO Clients

The ATMS Foundation provides grant funding to AMSCO clients and selected development programmes implemented by AMSCO. The funding provided to AMSCO clients targets two areas: Management Support is granted to assist in partially funding the cost of the expatriate AMSCO Manager; Training Support assists in partially funding training programmes for local staff. The funding allocated depends on the size of the company, the country in which it operates, and the individual client needs and is subject to the availability of funds.

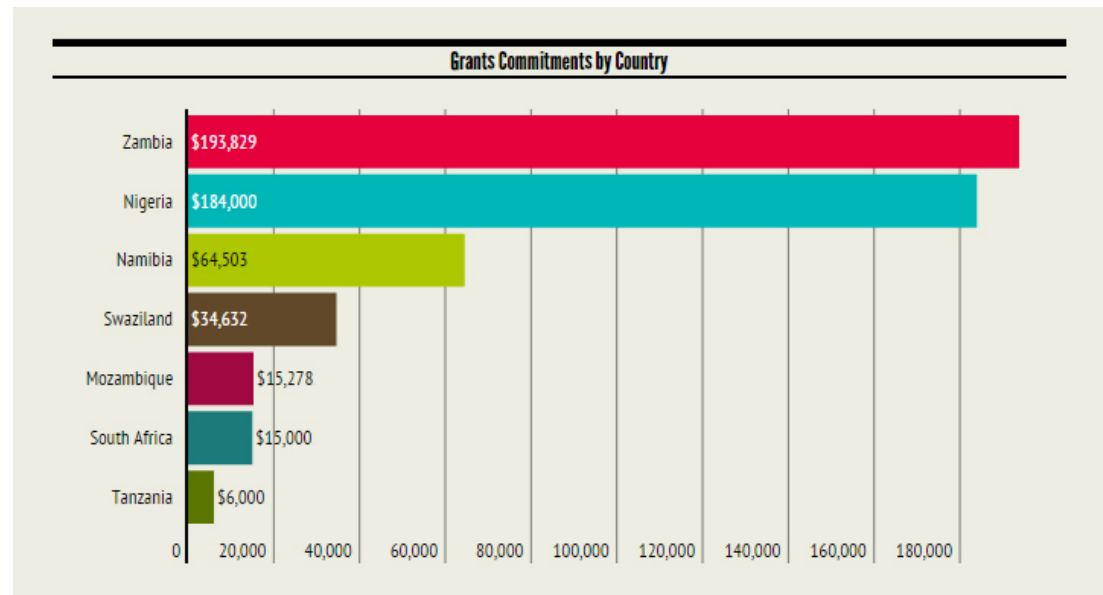
In 2014, the Foundation approved a total of US\$ 513,242 in training and management support grants. US\$ 295,802 went to management support while US\$ 217,440 was allocated to training programs to various small and medium-sized

enterprises. Grant commitments were provided to a total of 19 companies during 2014 across 7 countries.

The largest allocation of grants at 38% was awarded to Zambian enterprises, followed by Nigerian enterprises at 36% as indicated in the chart below.

In 2014, the ATMS Foundation disbursed grant funding amounting to US\$924,913. US\$394,456 (43%) was for management support and US\$530,456 (57%) was for training support. 42 clients benefited from management support and 73 clients benefited from training support.

Compared to 2013, the Foundation commitments and disbursements were significantly less in 2014. Commitments were down by 68% while disbursements fell by 61% compared to 2013. This trend will likely continue in 2015 due to the reduced funding during the ATMS V Project Cycle.



Impact

Revenue Growth

Though changes in the performance of individual companies varied widely, total AMSCO client portfolio revenue reported was US\$ 4.0 billion compared to US\$ 2.9 billion in 2012 representing a 38% growth.

Of the 121 client revenue figures reviewed, 89% of the clients had revenue growth since AMSCO's intervention which spans on average 5 years. 51% of the sample revealed growth of over 100%. The majority of revenue growth emanated from SMEs which is a result of AMSCO's portfolio mix which is mostly small and medium sized companies. As indicated below, only 11% of the companies reviewed had negative revenue growth and they were evenly split between company size.

Revenue Growth from Baseline				
Company Size	< 1%	1 - 50%	51 - 100%	> 100%
Number of Companies (as a %)				
Small	3%	11%	4%	29%
Medium	3%	9%	6%	12%
Large	4%	7%	2%	11%
Total	11%	26%	12%	51%

Profit Growth

Of the companies who provided 2013 financial figures, net profit of the total portfolio grew to US\$405,334,107 from US\$243,479,483 in 2012. The entire portfolio shows a net profit margin of 10.2% for the year 2013, meaning that 10.2%

of sales will result in after-tax profit.

Net Profit Growth from Baseline				
Company Size	< 1%	1 - 50%	51 - 100%	> 100%
Number of Companies (as a %)				
Small	19%	2%	1%	21%
Medium	10%	4%	5%	13%
Large	10%	2%	3%	9%
Total	40%	9%	9%	43%

A further analysis of the portfolio's net income in relation to the total sales earned by the sample of clients, revealed various patterns of growth in net profit margin of AMSCO clients over their respective tenure with AMSCO. The sample was re-categorized in terms of company size and this revealed that, while the majority (61%) of the companies have reported improvement in turning sales into profit since AMSCO's intervention, most of the companies that reported net profit growth were SMEs; 47% of SMEs saw growth versus 14% of the growth which came from the large companies. This is consistent with the AMSCO portfolio mix which is comprised of 80% SMEs. The analysis revealed that 55% of medium size companies posted net profit margin growth of over 50%, followed by small and large size companies at 51% and 48%, respectively.

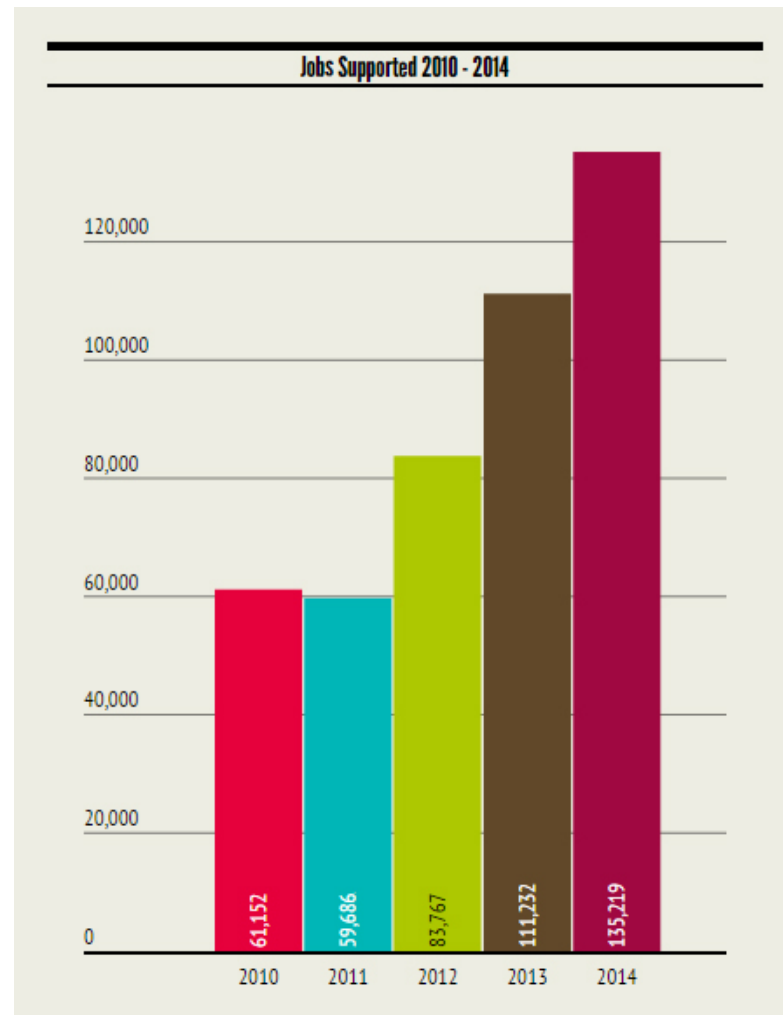
AMSCO Supported Jobs

ATMS client companies provided 135,219 jobs in 2014. 60,843 of these jobs were provided by AMSCO's Private

Equity clients' investee companies. The increase from 2013 is primarily a result of the Private equity clients' investee companies which reported increases from 27,351 in 2013 to 60,843 in 2014. In previous years, the number of jobs supported grew due to a combination of client portfolio growth and organic growth within the portfolio. At 33%, South African clients provided the most jobs in 2014

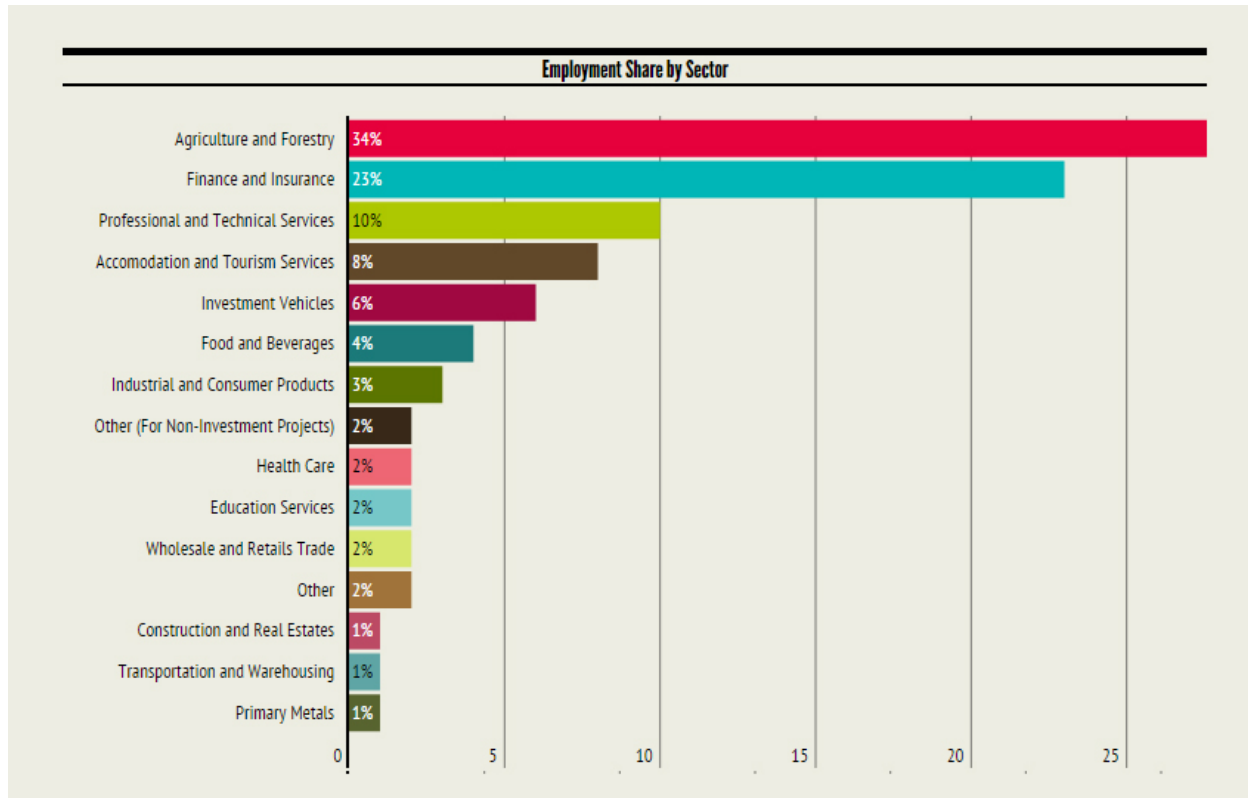
followed by Zambia at 16%, Nigeria at 15%, and Kenya at 12%.

The chart below shows the number of jobs AMSCO has supported over the last five years, with the highest number of jobs supported in 2014.



More than two-thirds of the population in Africa depend on agriculture for their incomes. Within AMSCO's portfolio, over a third (34%) of the jobs supported in 2014 came from the agriculture and forestry industry even though this industry accounts for only 7.5% of the AMSCO client portfolio mix. The increase in employment in the agriculture sector is supported by growing commercialization, higher agricultural productivity and increase in cash crop production, which in turn has contributed substantially to poverty reduction. ATMS's continued support of this sector is driven by the knowledge that the potential for agriculture to drive inclusive economic growth, improve food security, and create opportunities for millions of Africans is enormous.

Although worldwide Jobs in small and medium enterprises account for more than half of all formal employment, aggregated large companies still had a greater number of employees in the AMSCO portfolio in 2014, despite small and medium enterprises constituting the bulk of AMSCO's portfolio. While 81% of AMSCO client portfolio consisted of small and medium-sized enterprises, these companies only employed 34,045 staff (or 46% of the total jobs provided by AMSCO's clients, excluding the Private Equity investee companies). 54% of total jobs within the portfolio were provided by the large companies. This is reasonable considering that large companies most likely require a large workforce in order to generate higher turnover.



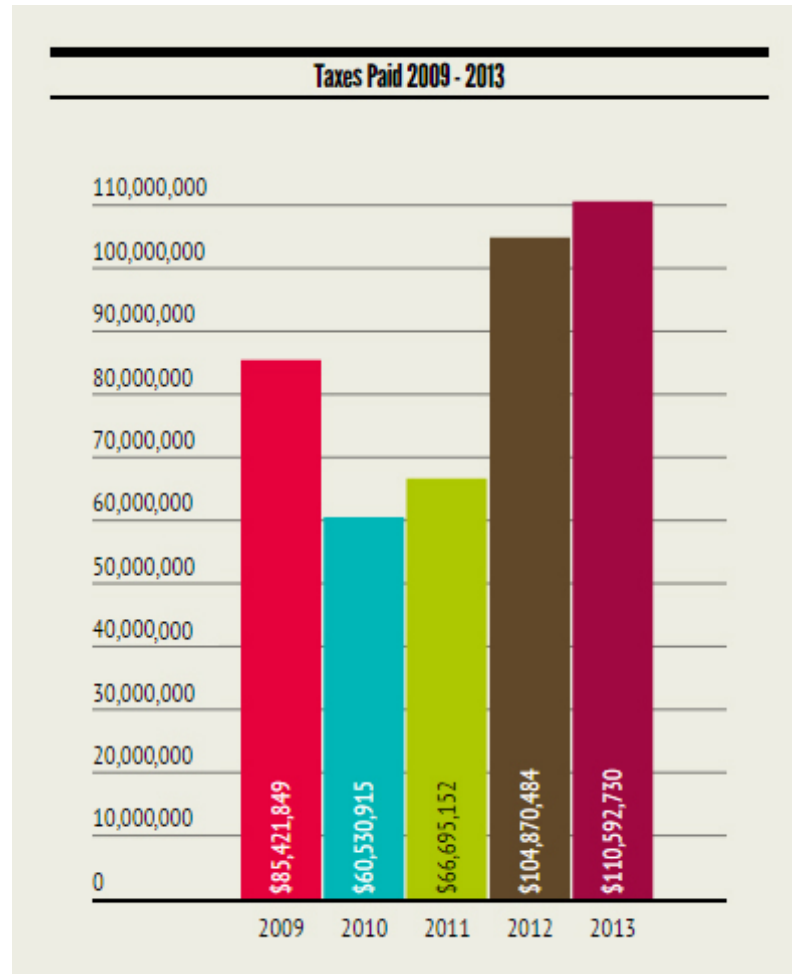
Employment Growth Rates				
Company Size	< 1%	1 - 50%	51 - 100%	> 100%
Number of Companies (as a %)				
Small	17%	10%	8%	17%
Medium	11%	9%	3%	6%
Large	9%	4%	1%	5%
Total	37%	23%	11%	29%

Of the 237 companies analyzed for the employment data presented above, 63% of companies had increases in staff numbers since the start of AMSCO's involvement. Of the total, 53% of the companies were SMEs that grew in staff numbers which is a result of the large number of SMEs in AMSCO's portfolio as well as the growth within the SMEs themselves. This further reaffirms AMSCO's role in creating economic growth by supporting SMEs as a crucial way to increase employment opportunities in Africa and boost incomes.

Taxes Paid to African Governments

By contributing to the expansion and profitability of its client companies through its managers and training, the ATMS Project has contributed to revenue from taxation and customs providing host governments with the funds needed to invest in development, relieve poverty and deliver public services directed toward the physical and social infrastructure required to enhance long term growth.

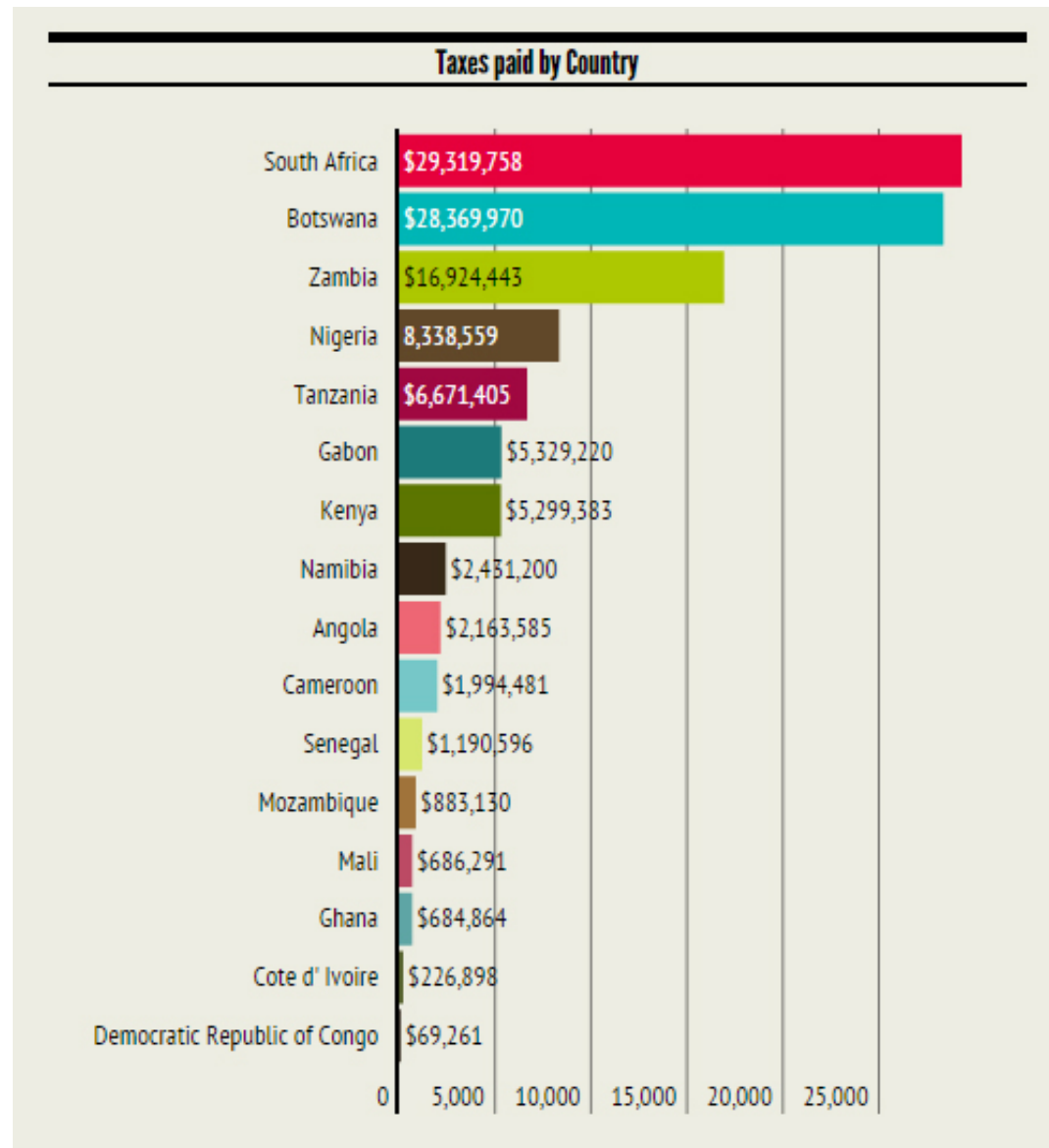
AMSCO portfolio companies have contributed over US\$428 million in taxes to African Governments over the last five years as indicated in audited financials provided by clients. 2013, which is the most recent year for which AMSCO has client financial data, saw the highest contribution of taxes over the last 5 years, with the highest amount paid by the



Finance and Insurance sector at 63%.

In 2013 the taxes contributed went up slightly by 5% from US\$ 104.9 million to \$111 million. As mentioned above, the finance and insurance sector was the largest contributor of taxes in both 2012 and 2013 and contributed just over \$70 million in taxes. Large sized companies paid out the highest amount of taxes (69%) followed by medium sized companies (24%). The government of South Africa received the highest proportion of taxes from AMSCO clients almost evenly split between large companies (56%) and small companies (44%).

As the graph below indicates, South Africa and Botswana are reported to have made the biggest contribution in terms of tax revenue. This differs greatly to what AMSCO reported last year (in the 2013 Impact Report) in which Namibia contributed the most in tax revenue according to the 2012 audited financials received from AMSCO clients. This is due to the fact that since 2013 AMSCO ceased to second new managers to Namibian companies. It is also important to note that Botswana jumped to second place primarily due to one client which reported tax payments of \$24.9 million.



AMSCO Financial Sustainability

In 2014, AMSCO revenues increased by 2.5 % compared to the previous year. This increase was largely driven by the reinstatement of the placement business in late 2013 and higher client bonuses awarded to AMSCO managers in 2014. It is important to note that 2013 was a turbulent year in which AMSCO finalized the renewal of the ATMS Project by concluding bilateral agreements with host countries; prior to the renewal, the company suspended its business growth and expansion which hampered AMSCO's 2013 financial and operational performance.

AMSCO for its tenth year in a row managed to remain financially sustainable posting net profit of \$703 thousand,

an increase of 261% from 2013.

In 2013, the operating costs as a share of gross revenue were 16.9%, an improvement of 1.6% from the previous year and evidence of AMSCO's excellent expense management. The reduction in operating costs is mainly a result of a decrease in the following expenses: staff travel, professional services and bad debts.

AMSCO Management is committed to ensuring the financial sustainability of its operations while providing services to its clients that benefit their businesses and their local private sector.

(in US\$)

	2013	2014
Revenues	45,184,022	46,313,032
Cost of Sales	36,461,605	37,624,660
Gross Margin	8,722,417	8,688,372
% of Revenues	19.3%	18.8%
Operating and Administrative Costs		
Staff Expenditures (staff cost, training & Bonus)	4,299,152	4,706,143
Operating Expenditures	3,284,839	2,763,328
Depreciation for the year	161,007	235,186
Provision for Bad debts	411,467	(53,561)
Other Expenditures (Ban Charges)	217,064	170,583
Total Costs	8,373,529	7,821,679
% of Revenues	18.5%	16.9%
Other income/currency fluctuation	(154,183)	(163,476)
Net Incomes	\$194,705	\$703,217

AMSCO in 2015 and Beyond

AMSCO is undergoing a number of changes going forward in line with its mandate to assist African businesses with human capacity development. AMSCO in late 2014 began reorganizing its management to better service its clients and to facilitate the expansion of its development solutions. AMSCO is developing its current services and evaluating new service lines in order to offer clients a full range of capacity development solutions that address the current needs of enterprises in sub-Saharan Africa. These changes are expected to further AMSCO development impact in its client companies, leading to positive developments in the

communities in which they operate.

These changes come at a time when AMSCO is transitioning itself from a project-based organisation that, since 1989, has implemented the ATMS Project. Going forward, AMSCO is positioning itself to be a diversified company that will be equipped to manage development projects as well as offer in-house services that lead to private sector development. The ATMS Project is due to end in 2017; however, AMSCO is preparing itself to continue its legacy and expand its reach.

Case Studies

2012-2014 revenue growth: 33%

2012-2014 employment growth: 110%

2013-2014 increase in truck fleet: 125%

2012-2014 increase in corporate tax: 72%

ALISTAIR JAMES CO. LTD.

Commencement:	October 1, 2013
Sector:	Transport and Warehousing
Location:	Dar es Salaam, Tanzania
Number of Employees:	277

Company Background



Alistair James Company Ltd was set up in 2006 and began initial operations in June 2008 with the aim of providing logistics services in Tanzania. Additional services include heavy haulage, hazardous chemical transport, rig moving, equipment hire, material handling and warehousing.

The Challenge

The Tanzanian logistics market is attractive for companies who are able to operate with economies of scale and efficiency. To be able to have efficient operations Alistair needed to expand its fleet to better handle the demand for its services. The main challenges they faced include:

- The need to execute the expansion strategy very speedily
- Quality of staff

The Solution

AMSCO's intervention at Alistair James Co. Ltd. commenced on 1 October 2013 with the secondment of two managers in the positions of General Manager and Hazardous Material Manager whose major deliverables included:

- Managing the operations and dispatch teams to minimise delays and maximise truck utility
- Working with the HR department to recruit, retain and motivate the work force
- Working alongside the IT Manager to continually improve upon systems and processes and to implement them into SAP and other software
- Create internal policies and practices to ensure they are current and appropriate; conduct hazard and risk assessments; and change existing or develop new recommendations from these assessments
- Responsible for the structuring, staffing and directing of the HAZMAT Division including the management of all Field Safety Managers and staff

The Impact



- Increase in revenue by 101% from US\$ 6.5M in 2012 to US\$13.09M in 2014
- Increase in profit before tax by 62% from US\$965,000 in 2012 to US\$1.5M in 2014
- Corporate tax contribution increase of 72% from US\$305 000 in 2012 to US\$ 526 000 in 2014
- Increase in employment numbers by 110% from 132 in 2012 to 277 in 2014
- Increased the capacity to serve their customers by increasing the truck fleet by 125% from 60 in 2013 to 135 in 2014.
- Other equipment added to increase their efficiency include a 160 ton Crawler Crane for heavy lifting, 6 units of tele-handlers for hire in Tanzania and Mozambique, a side loader in Mozambique for

loading and offloading cargo and a Rough Terrain Crane

- Improvement in hazardous materials standards and systems and quality training systems put in place
- Customer-centric support with the ability to update any client, any time, about the status and location of its cargo
- Alistair Equipment Services Tanzania Ltd is now BS OHSAS 18001:2007 certified. OHSAS 18001 is an internationally applied British Standard for occupational health and safety management systems
- Alistair Logistics is 9001:2008 ISO certified. This certification enables the company to have its processes vetted to ascertain where improvement is needed
- Today, Alistair staff members are able to complete a trip from Johannesburg, South Africa to Tanzania in just 12 days. That is almost 6 weeks quicker than using a sea freight option

Conclusion

Over the last few years, the company has proved to be increasingly competitive, profitable and sustainable. Managers continue to build capacity and improve upon systems that will ultimately place the company as a forefront runner in the industry.

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- Great potential for development impact by improving the environment while creating jobs and contributing to private sector development
- Expected profitability to be reached in its 4th year of operation

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Carbon Africa

Commencement:	November 2013
Sector:	Waste Management
Location:	Maputo, Mozambique
ATMS Foundation Funding:	\$6,000 (Training Support)
Number of Employees:	1

Company Background

Carbon Africa Mozambique Limitada was established in 2012 as a subsidiary of Carbon Africa limited. This is a project development and climate finance advisory firm focused on municipal waste management solutions.

The Challenge

Carbon Africa sought an experienced individual to assist with the expansion of its operations into Mozambique. The individual would be instrumental in the development of a country wide waste municipal treatment programme, as well as assist with the promotion and capacity building on Nationally Adapted Mitigation Actions (NAMAS).

The Solution

AMSCO seconded a Project Manager to Carbon Africa Mozambique to also take on the role of Country Representative. The AMSCO Manager's responsibilities include overseeing new projects in Mozambique, to be implemented in partnership with the Mozambican Association of Recycling – AMOR. He is also responsible for day-to-day management of the local operations and relationships, including business development.

The Impact

- Carbon Africa and AMOR recently created the company “3R - Reduce, Reuse, Recycle” to develop integrated waste management solutions and open Waste Transfer and Recycling Centres (WTRC) within the country. The company began its operations in January 2015
- Efforts have been focused on fundraising: the company is in the final phase of contracting with the AECF (African Enterprise Challenge Fund) for a matching fund loan of up to US\$1,4M
- NCF (Nordic Climate Facility) secured EUR 500,000 to a project spearheaded by Carbon Africa and NIRAS on 2 fronts: support for the establishment of the WTRC in Beira, as well as testing concept and formulation of bottom-up NAMA - Nationally Appropriate Mitigation Actions
- On the establishment of Waste Transfer and Recycling Centre (WTRC) - a Memorandum of Understanding with the city of Beira was signed in October 2014 - 1ha plot of land has been allocated to 3R
- A Site Manager has been recruited with the first waste streams (starting with beer bottles and plastics) expected in May 2015
- A working group has been established in partnership with the Belgian Government in order to identify climate fund opportunities for the treatment of municipal waste in Mozambique, to support government access to these climate funds, and create an enabling environment for the implementation of integrated waste management in the country
- The working group is led by MITADER (Ministry of Earth, Environment and Rural Development), with the active participation of ANAMM (National Association of Municipalities), FUNAB (Fund for the Environment), Carbon Africa, and AMOR. The group met eight times since its inception in early 2014 and

has already achieved positive results; obtaining funds to pay current work on the municipal legislation, on the evaluation of the waste tax fee system as well as to develop a monitoring, reporting and verification system for the treatment of municipal waste

Conclusion

The company has registered great progress in the area of business development. Carbon Africa Mozambique has

managed to build fundamental private public partnerships with key players in the social recycling scene; it has also found success in mobilising funds for the implementation of intended projects. AMSCO is confident that through these partnerships, the company will be able to register great success.

Employment growth:

- 18% increase in total employee number
- 100% increase in the number of female employed
- 227% increase in non-permanent staff

Financial growth:

- 20% increase in Revenue since AMSCO's intervention
- Net profit in base line year 2010: \$752,697
- 6% increase in Net Profit since AMSCO's intervention

GEMA Construct

Commencement:	1st January 2010
Sector:	Professional and technical services
Location:	Abidjan, Cote d'Ivoire
Number of Employees:	304

Company Background

GEMA Construct was registered in October 2009 in Cote d'Ivoire with the aim to design and execute industrial and commercial projects in Cote d'Ivoire and the sub regional countries. This company provides local turnkey projects to the oil and gas, mining, agro processing and logistics sectors. GEMA Construct's shareholding is a combination of former shareholders of GEMA S.A and new shareholders from Europe and Africa.

The Challenge

GEMA requested AMSCO's assistance in order to successfully implement its corporate business plan and set up an industrial construction unit in Cote d'Ivoire offering professional and technical services to the agro-industrial, logistics, oil, gas and mining sectors, pillars of the national economy.

The Solution

AMSCO's intervention with GEMA Construct started in January 2010 with the secondment of four Managers and the subsidisation of training costs by the ATMS Foundation. Following a general decline in business due to the 2011 post-election war, the managers embarked on a drive to expand GEMA's activities at national, sub-regional and international levels, including the Congo Brazzaville.

The Impact

- GEMA won international tenders in Congo Brazzaville to build 2 gas terminals in the country
- Construction of another gas terminal in Cote d'Ivoire
- Expansion within the sub-region of Africa with the opening of a branch in Congo
- Delattre Levivier Morocco, a leader in heavy metal construction in Morocco has acquired 51% of the shares of GEMA and by doing so will bring its expertise to GEMA Construct and facilitate the company's expansion plan
- 12 Ivorian youth were recruited under the World Bank programme
- Several training programmes were implemented and have resulted in the improvement and development of staff skills
- Under the President's Emergency Programme for the rehabilitation of 1,045 village wells in Cote d'Ivoire, five staff from GEMA were designated and trained in order to ensure the rehabilitation and supply of parts to the programme. The project was successfully achieved

Conclusion

Over the years, considerable strategic and technical contributions have been made to ensure GEMA's business success. The AMSCO Managers' combined efforts have been instrumental to the company's expansion process, especially in ensuring business development during the post-conflict period. AMSCO is confident that the business will register even further growth and success.

- Revenue growth of 330% since AMSCO's intervention
- Employment increase of 120% to 158 since AMSCO's intervention
- Established Africa's first local vaccine manufacturing plant in Cape Town

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BIOVAC

Commencement:	February 2007
Sector:	Health
Location:	Cape Town-South Africa
Number of Employees:	158

Company Background

The Biovac Institute was established in 2003 through a public private partnership between the South African government and a private healthcare enterprise, in order to realise the objective of setting up a human vaccine manufacturer in South Africa. Biovac has grown both in size as well as qualitatively, and in 2013 started producing the first vaccine stability trial batches in its new facilities in Cape Town.

The Challenge

South Africa and the broader sub-Saharan Africa region has been battered by numerous preventable diseases; a situation that could be better managed by national governments if they had access to affordable vaccines in addition to improved sanitation and access to portable water to contain such disease outbreaks.

The Solution

AMSCO was tasked with the identification of scientific and managerial skills to set up the only vaccine manufacturing facility in sub-Saharan Africa. To this end, AMSCO, since its engagement, seconded senior managers in roles varying from Chief Operating Officer, Business Development

Manager, Process & Qualification Engineer and Project Managers. The client has created a knowledge economy within the local skills market. It has allowed South African scientists to manufacture products that respond to vaccine-preventable regional diseases, outbreaks and pandemics. It has provided the required infrastructure to build on to future high priority vaccines such as HIV/AIDS.

Impact

- Biovac directly impacts on the Department of Trade and Industry's strategy through gearing up local manufacturing capability, in so doing, reducing the trade deficit on imported vaccines
- During the period of AMSCO support received between 2007 to 2013, Biovac has grown as follows:
 - Revenue growth of 330%
 - Employment increase of 120% to 158
- Through the promotion of skills development initiatives, local South African service providers and agents are contributing directly and indirectly to job creation and skills development as well as other positive opportunities due to their affiliation with Biovac

Conclusion

AMSCO is pleased to be assisting a client that understands the importance of a local vaccine manufacturing plant; more so the company's contributions towards the achievement of sustainable and cost-effective availability of treatments against killer diseases like Tuberculosis and HIV/AIDS.