

2015



# ATMS PROJECT

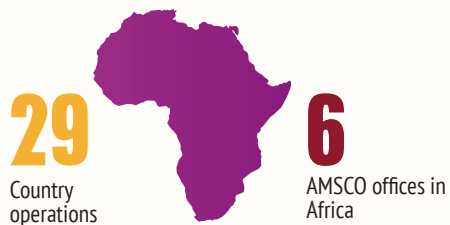
IMPACT REPORT

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# ATMS PROJECT IN NUMBERS – 2015

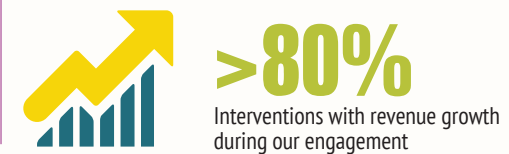
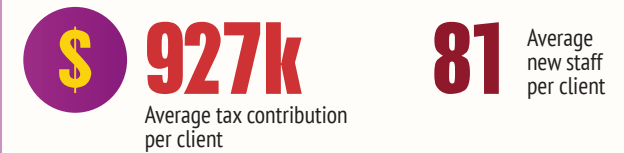
## INPUT



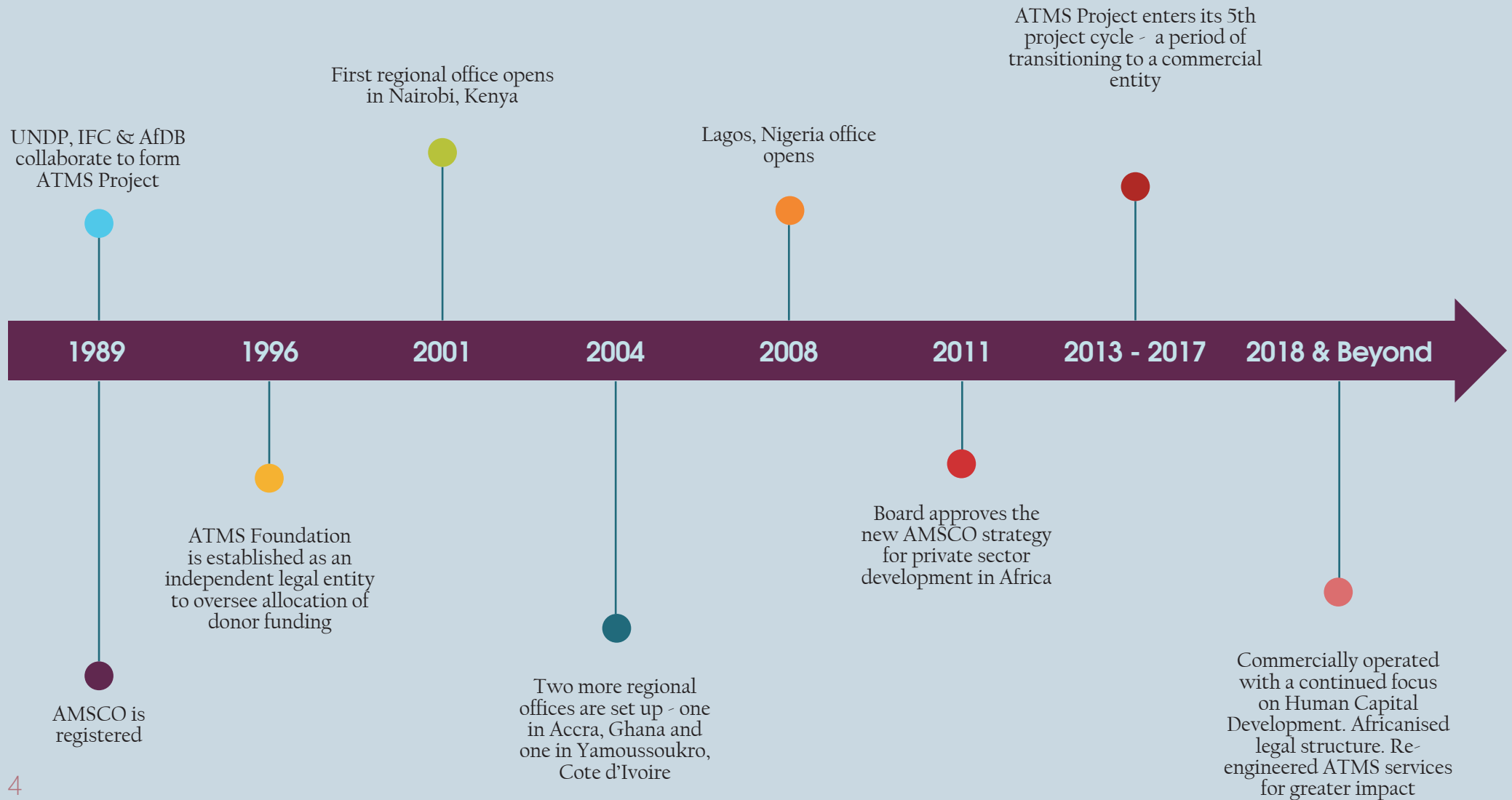
## OUTPUT



## IMPACT



# ATMS PROJECT TIMELINE



# ABOUT ATMS PROJECT

AMSCO, a pan-African organisation, provides **integrated human capital development (HCD) solutions** to private and public sector organisations across sub-Saharan Africa (SSA). The African Training and Management Services (ATMS) Project of the United Nations Development Programme (UNDP) is designed to support the growth of SSA companies through the development of human capital across the continent. AMSCO is the implementing partner of the project. AMSCO's ability to develop local management skills and strategically place global talent in client companies contributes to the growth and health of businesses and the economies they operate in.

AMSCO's service offerings include:



In executing these roles, AMSCO's services are focussed on four key pillars, ensuring the organisation operates competitively. These four pillars are:

- **Financial Inclusion:** AMSCO engages with the financial sector in Africa to increase capital flows to the private sector. The focus on micro-finance institutions (MFIs), SME finance, impact investing, micro-insurance and pension schemes targeting low income sectors ensures private sector development is targeted.
- **Inclusive Business:** AMSCO offers direct support to SMEs and community enterprises by building their capacity to access the formal economy. AMSCO's work results in well-developed SME-friendly ecosystems, access to markets and improved livelihoods for the poor.
- **Agriculture & Agri-business:** AMSCO provides management & technical skills and training to companies. AMSCO managers and

projects often develop value chains from farm to market and support partnerships between commercial and smallholder farmers, including out-grower schemes.

- **Fragile & Conflict affected States:** AMSCO targets priority areas for economic development, working with governments and development agencies in fragile and conflict-affected states to roll out private sector development plans and address the needs of the businesses in order to stimulate economic growth.

## Economic Highlights, Themes & Challenges

Africa is facing significant challenges, including high poverty levels, inequality, gender imbalances and a high youth unemployment rate. The unemployment level of SSA in 2015 was estimated at 7.4%, with the female/male unemployment rate at 8.4%/6.4% (ILO, 2016). Unemployment broadly, and youth unemployment in particular, are linked to the shortage of skills and quality of education. Female labour force participation is 65.4% in sub-Saharan Africa, with significant economic implications, and annual economic losses of US\$60 bn. (est.) (Bandara, 2015). Agriculture is critical to Africa's growth and development. "Agriculture continues to employ over half of the continent's population, but its share of value-add has been falling over the past four decades, dropping from 34% in 1965 to just over 20% in 2010" (Africa Competitiveness Report, 2015:xiv). There is significant increase in the size of the services sector, and manufacturing has remained stagnant. Consequently, the skills requirements of the economies have shifted.

Recognising these challenges in past, present and future engagements, AMSCO continues its journey in driving the thematic issues of **private sector development through HCD interventions**. Targeting these abovementioned issues head on, AMSCO works towards achieving the following in Sub-Saharan Africa:

1. To **increase the number** of SMEs assisted with interim management; 125% growth evident in SMEs
2. To **improve revenue/sales** of assisted companies; 82% of the clients had revenue growth

3. To **improve profitability** of assisted companies; 55% of clients realised revenue growth of over 100%
4. To **increase tax payments to governments by clients**; over US\$428 million in taxes to African governments over the last five years
5. To **develop local successor managers and transfer managerial and technical skills**; of AMSCO managers placed, 64% had prepared succession plans, 58% had identified successors, and 57% had started on developing a successor
6. To increase the number of **local skilled employees**; 1,835 people trained in 2015
7. To **enhance employment creation and sustainability**; 87,654 jobs supported in 2015

In support of these growing economies, Private Sector Development (PSD) is critical to support the transition to a developed and modern economy. The use of the market to facilitate the development of individuals and communities is the primary focus of PSD. AMSCO achieves this by supporting clients that empower, upskill and scale private sector enterprises to reduce and eliminate barriers to effective and inclusive economic growth. AMSCO's intervention works to ensure that management and employee skills, profitability and sales all improve. AMSCO's focus on inclusive growth is key, as client growth is expected to lead to broad societal growth. This ensures that governments' tax revenues increase, contributing to broader economic growth. With AMSCO's strong network, extensive African foot-print and track record on the continent, as well as in-depth experience in PSD implementation AMSCO is able to implement a wide number of projects targeting profitability, skills, employment and increased revenue for the organisation and government. AMSCO's broad network of partners includes various companies, associations & foundations, academic institutions, as well as networks of individuals, all focused on bolstering PSD in SSA.

Knowing that people drive the activity that drives organisations and markets forward, AMSCO specialises in providing relevant and targeted Human Capital Development (HCD) solutions to clients. Human capital is an appreciating asset and provides the catalyst for change and economic development. It is this capacity that is currently driving SSA's economic growth, but there is room for vast improvement. Through enterprise development, HCD assists people to improve their standard of living, builds competitiveness, expands capabilities of existing SMMEs and encourages local business growth. With the aim of assisting to drive enterprise development across the continent, AMSCO leads successful partnerships, combining international expertise and skills, with local knowledge, to drive African economic growth.

## MESSAGE FROM THE CEO



The ATMS Project is currently in its fifth project cycle which runs from 2013 to 2017. However, as the ATMS project cycle will draw to a close in 2017, AMSCO has embarked on an exciting new journey beyond the scope of the ATMS

mandate. We are developing our internal human capital to ensure success as we engage with the organisation's future and new direction.

Building on the success of the previous 27 years, AMSCO will continue to focus on HCD and private sector development, to ensure meaningful and lasting impact on the continent - improving lives, growing economies and enhancing skills levels. This is an exciting time for AMSCO and we look forward to sharing the journey ahead with you.

Going forward in 2016 and 2017, AMSCO has and will continue to meet its objectives as per the ATMS Project, and will furthermore expand on a technical assistance programme in order to leverage the skills attained over the past 27 years, to continue driving SSA's social and economic development. Through a series of bi-lateral agreements with governments across Africa, AMSCO will continue to engage in Enterprise Development Services through the placement of skilled personnel in African organisations. The company will also continue to offer its HCD solutions, through the provision of Recruitment, Training & Development and Development Advisory Solutions to clients. In this way, AMSCO will remain true to its heritage through leveraging a wealth of knowledge and internal human capital in pursuit of development on the continent.

# WHOM WE SERVE – KEY 2015 CLIENTS, STAKEHOLDERS AND PARTNERS

## Clients



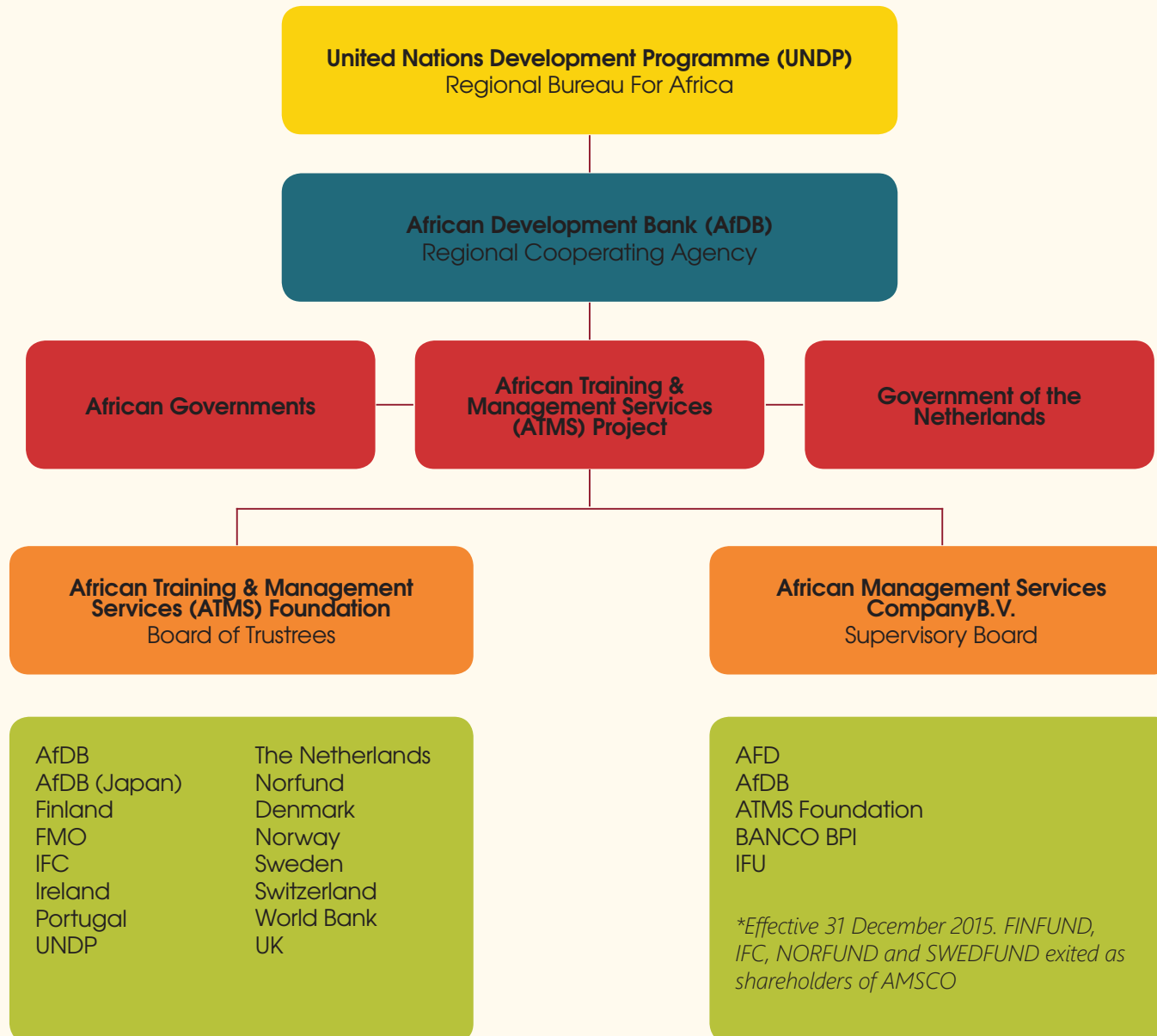
## Partners



## Shareholders



# ATMS ORGANISATIONAL STRUCTURE





## ATMS PROJECT & EXPATRIATE MANAGEMENT

We promote SME employment growth. Small companies realised the greatest growth at 125% from the start of AMSCO's engagement. Large and medium companies grew at a similar pace at 45% and 46%, respectively.

We promote effective tax generation - AMSCO portfolio companies have contributed over US\$428 million in taxes to African governments over the last five years



*“Based on the most recent financial data collected, 82% of AMSCO’s clients realised revenue growth since AMSCO’s intervention! This is one example of what the ATMS Project was set up to deliver ”*

**Kofi Andah, Director of Operations**

We promote sustainable SMME (small, medium and micro-sized enterprises) performance – with 76% of our portfolio

SMME based and contributing 65% towards our average client revenue growth

We facilitate human capital interventions – with 117 managers across 15 countries executing succession planning initiatives during 2015, to ensure adequate skills transfer to local staff

### Placement

AMSCO is the implementing partner for 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.

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 is working to achieve this mandate by focusing on the following objectives:

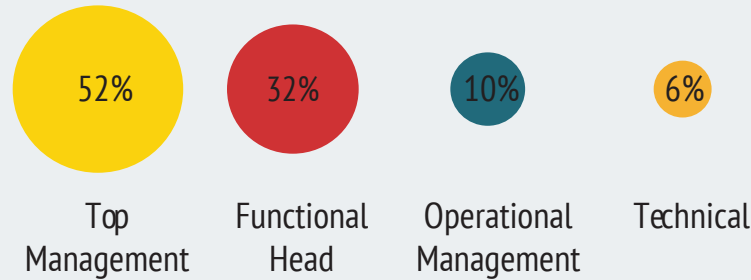
- Interim management
- Client employment growth
- Succession planning of expatriate management
- Client revenue impact
- Taxes paid to African governments

# AMSCO PLACEMENT IN NUMBERS 2015

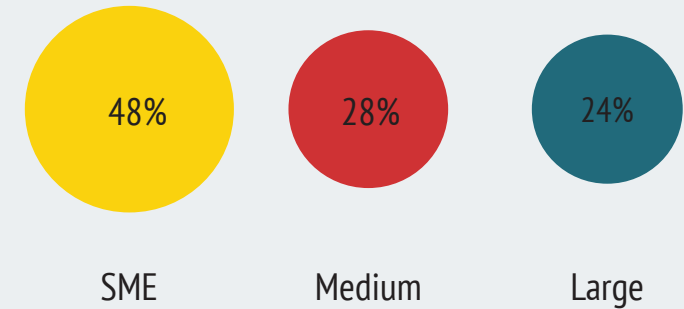
**281**  
Managers

**187**  
Clients

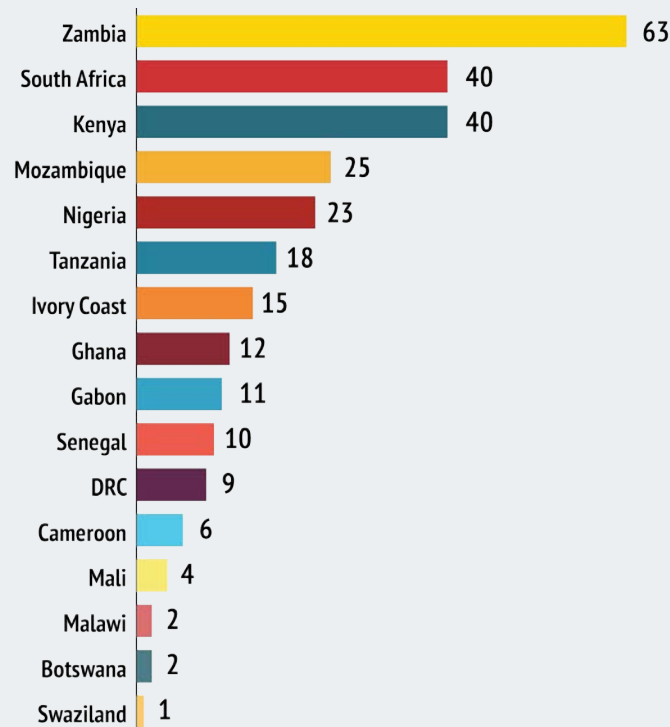
Manager Role



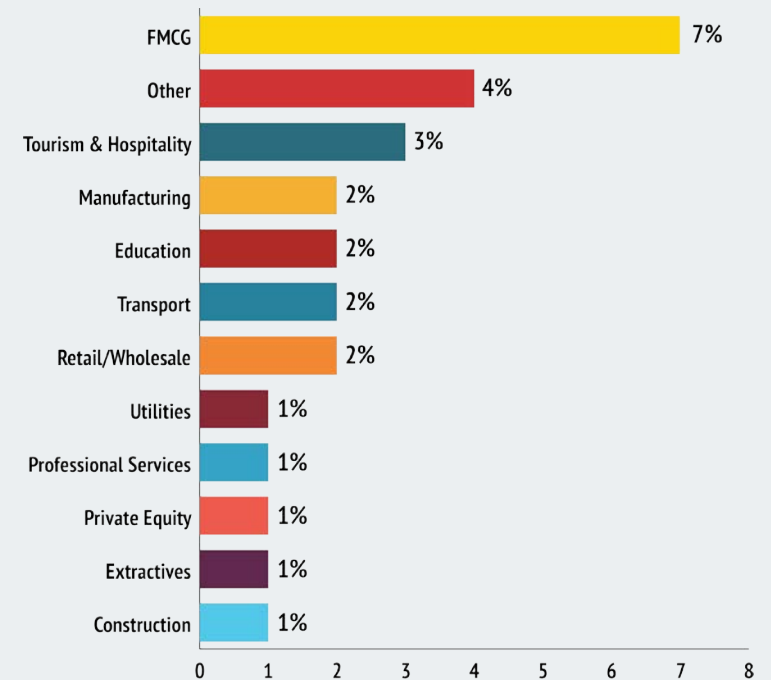
Client Split – By Size of Company



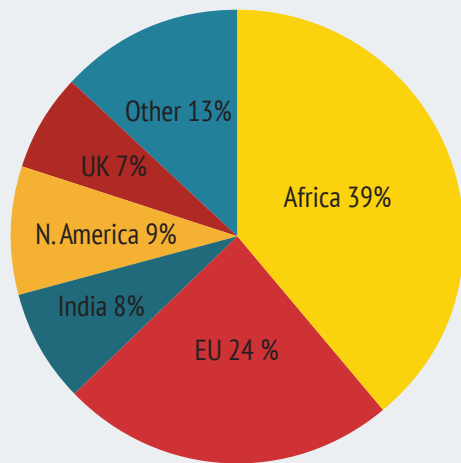
Manager Deployment by Country



Clients by Industry (%)



Manager Nationality



### Interim Management

By year end 2015, ATMS had 281 management, functional and technical professionals placed at 187 client companies. Due to various reasons, AMSCO was unable to meet the targeted budgets of 381 managers and 308 clients for 2015. 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 and 2015 (AMSCO builds off its existing portfolio base each year since the average client duration is 5 years). In addition, AMSCO implemented significant yet essential organisational changes, which contributed to the slower than expected pace of new business acquisition.

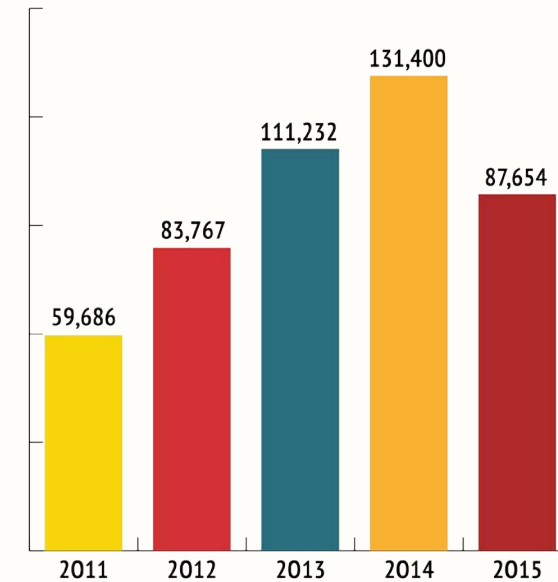
### Client Employment Growth

In 2015, ATMS client companies provided **87,654 jobs**. For AMSCO's private equity clients' investee companies in particular, 51,043 jobs were sustained during 2015. At 28%, AMSCO's Zambian clients provided the most jobs in 2015, followed by Nigeria at 24% and Kenya at 16%. This significantly changed from 2014 figures due to changes in AMSCO's portfolio.

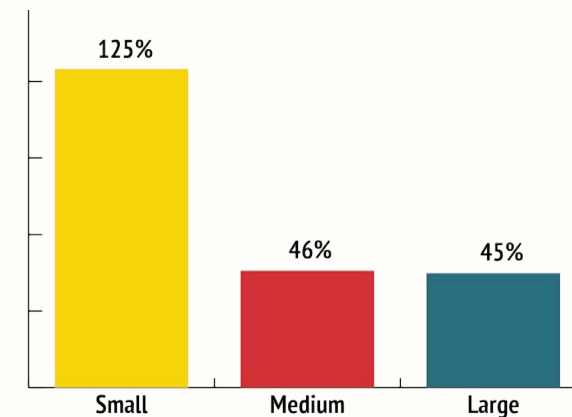
A review of a sample of AMSCO clients indicates that the number of jobs supported by AMSCO in 2015 declined due to fewer companies reporting to AMSCO (172 clients versus 248 in 2014). However, considering the average number of employees supported in 2015 per company, employment growth is comparable to 2014 at 510 employees as compared to 530 in 2014. The charts below illustrate the number of jobs supported by AMSCO as well as the nature of the organisation in which these jobs have been created over the last five years. It is evident that between 2011 and 2014, the number of jobs supported grew substantially – peaking in 2014 – but declining in 2015 due to numerous organisational and macro-economic factors.

161 client companies reported their employment figures for year-end 2015. Over the course of AMSCO's intervention, in aggregate, these clients realised **59% growth rate in employment** figures or 81 new employees per client. A further analysis indicates that small companies realised the greatest growth at 125% from baseline, or the start of AMSCO's engagement. Large and medium-sized companies grew at a similar pace at 45% and 46%, respectively.

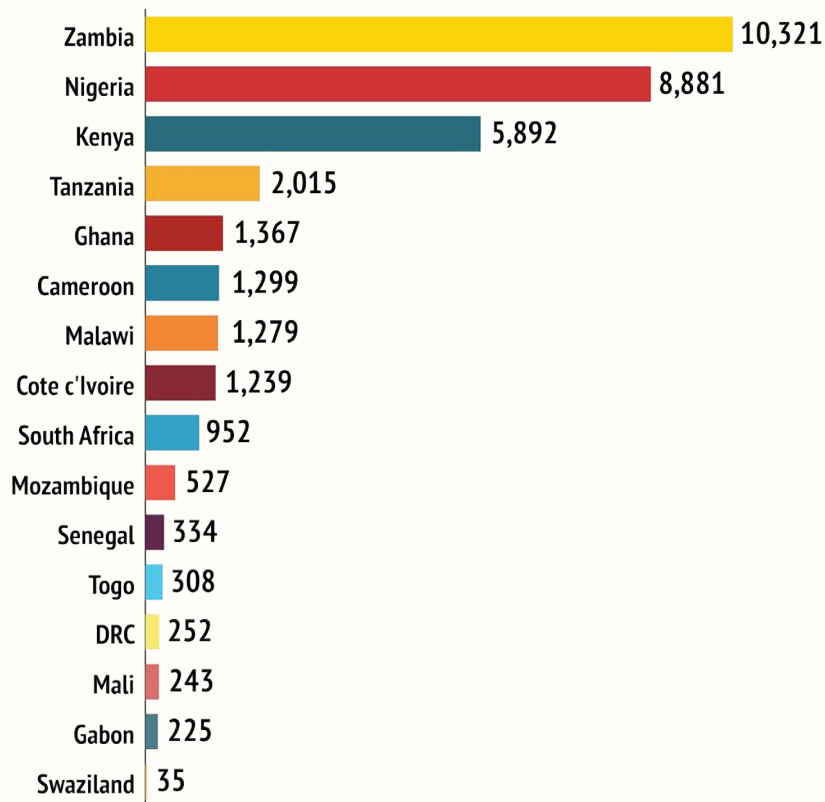
Jobs Supported (2011 - 2015)



Average Employee Growth Rate

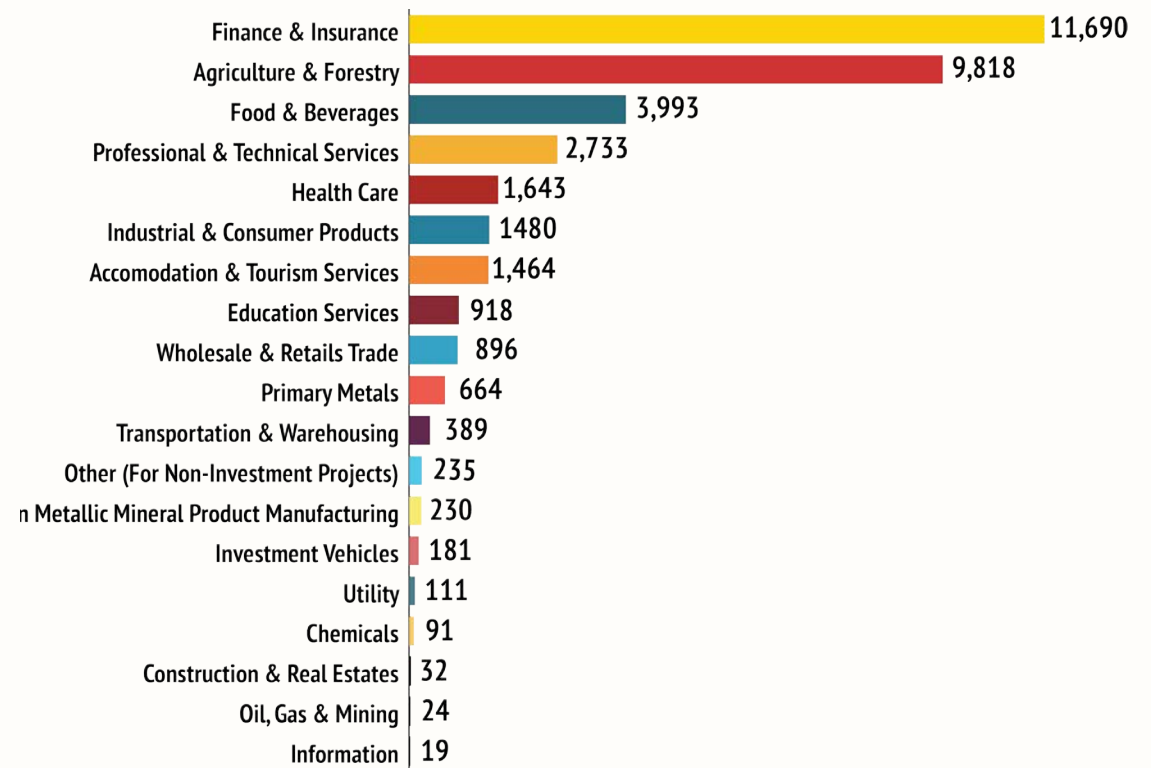


**Jobs Supported by Country**



Based on 2015 data, Zambia, Nigeria, and Kenya account for 69% of AMSCO supported jobs. This is consistent with AMSCO's focus on supporting clients in key countries with growth potential. It's also important to note that AMSCO has local presence in each of those countries which has fuelled the growth of AMSCO's portfolio

**Jobs supported by Industry**



Reviewing AMSCO's portfolio, 27% of the jobs supported in 2015 came from agriculture and forestry. In comparison to 2014, this sector represented 34% of jobs supported by AMSCO despite the industry then representing just 7.5% of the portfolio mix. Thus agriculture is increasingly significant in terms of AMSCO's total portfolio, which has the potential to make a meaningful impact on poverty in the countries in which we operate. 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.

## Succession Planning of Expat Management

Succession Planning is defined as the development of local staff by the AMSCO Manager. AMSCO Managers either develop a single staff member or several staff are trained to cover the different responsibilities. This is contingent upon the nature of the work required and the availability of skills in the organisation to meet that need.

The ATMS Project recognises that the scarcity of talented managers in Africa cuts across both private and public sectors. This managerial gap is both numerical and qualitative and results from both an inadequate supply of qualified senior and middle-level managers and from an often inhospitable environment caused by policies which discourage successful business management. Against this background, the ATMS Project was established to address the managerial challenges encountered in Africa and to meet the demand for management there would be need to offer an integrated suite of Human Capital Development services.

During the reporting period, of the 156 managers who submitted reports, 64% had prepared succession plans, 58% had identified successors, and 57% had started on developing a successor. Where slower than expected progress on succession planning occurred, some reasons cited include: insufficient time due to recent AMSCO placement, a need for general up-skilling of staff, various operational challenges and changes, and staff turnover. Managers in small enterprises are most likely to have a succession plan in place.

## Client Revenue Impact

Although changes in the performance of individual companies varied widely, the total AMSCO client portfolio revenue reported was US\$2.4 billion whilst the average revenue per client was US\$20.7 million in 2014.

Of the 95 client revenue figures reviewed, **82% of the clients had revenue growth** since AMSCO's intervention which spans on average four and a half years. 55% of the sample revealed growth of over 100%. The majority of revenue growth emanated from SMEs, at 65%, which is a result of AMSCO's portfolio mix - mostly small and medium sized companies.

*82% of the clients had revenue growth*

As indicated below, only 18% of the companies reviewed had negative revenue growth and they, too, were comprised mostly of small and medium sized companies which were loss making at the time of AMSCO's intervention. Of the company data, only 2 large companies realised negative growth.

### Revenue Growth from Baseline

	<0%	0-50%	51-100%	>100%
Company Size	% of Companies			
Small	12%	6%	3%	35%
Medium	4%	4%	5%	12%
Large	2%	7%	1%	8%
<b>Total</b>	<b>18%</b>	<b>18%</b>	<b>9%</b>	<b>55%</b>

*Over 80% of AMSCO's client base experienced positive revenue growth*

### Profit Growth from Baseline

	<0%	0-50%	51-100%	>100%
Company Size	% of Companies			
Small	20%	9%	5%	21%
Medium	12%	4%	2%	8%
Large	8%	3%	0%	7%
<b>Total</b>	<b>40%</b>	<b>16%</b>	<b>7%</b>	<b>36%</b>

*60% of AMSCO clients experienced profit growth, with the majority of loss making firms experiencing a negative growth before intervention*

*Over US\$428 million in taxes to African governments*

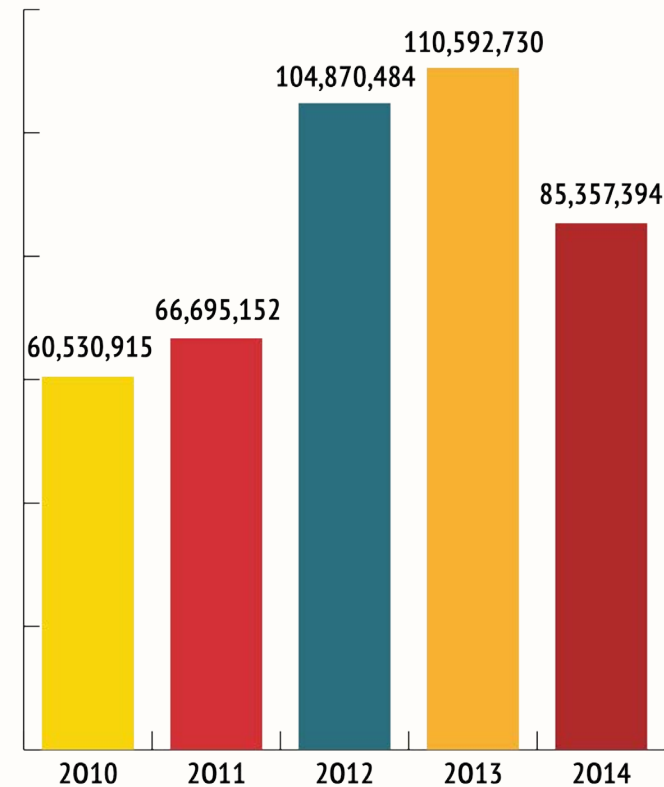
## Taxes Paid to African Governments

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. 2014, which is the most recent year for which AMSCO has client financial data, saw a drop in tax contribution compared to 2013, from US\$110.6 million to US\$85.4 million. This is primarily due to the fact that AMSCO's portfolio decreased in size and not all clients reported their tax amount to AMSCO when requested. However, it is important to note that the average amount of taxes per client increased slightly from US\$922k to US\$927k despite the fall in average net profit realised in 2014.

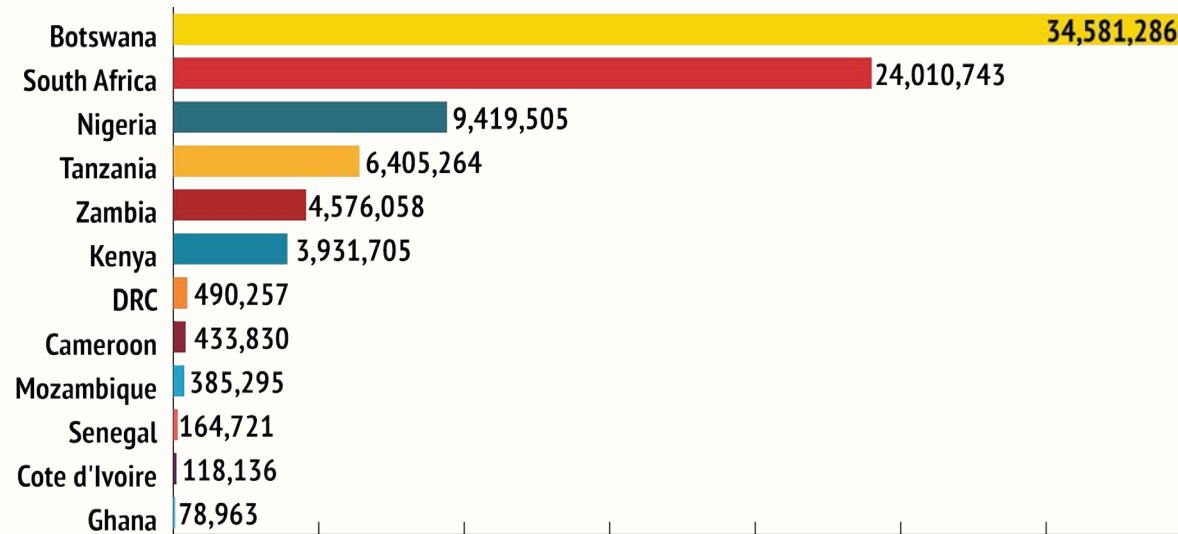


A further analysis of the portfolio indicates that the **finance and insurance sector was the largest contributor of taxes since 2012** and, in 2014, contributed almost US\$50 million in taxes or 55% of the total portfolio. In 2014, large sized companies paid out the highest amount of taxes (73%) followed by medium-sized companies (20%) despite the fact that AMSCO's portfolio is primarily comprised of SMEs. However, this is expected considering that many of AMSCO's SMEs are very small in terms of revenue and, as a result, pay significantly less in taxes than large companies. In addition, AMSCO's portfolio includes a few very large companies, which contributed to this trend in both 2013 and 2014 in terms of outliers.

Taxes Paid 2010 - 2014



**Taxes by Country**



The Southern African region has seen the strongest contribution to tax revenue paid to government. In particular, South Africa and Botswana contribute a large percentage of the total tax paid to governments. As the graph to the left illustrates, there is at least one significant contributor to tax in each of the regions in which AMSCO operates. It is important to note that Botswana jumped to first place primarily due to one client which reported tax payments of US\$30 million.

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.

*Taxes paid stood at over US\$85 million for 2014, a decrease from the previous year resulting from a reduction in client portfolio. On average, the contribution of taxes per client remains the same year-on-year.*



# TRAINING & DEVELOPMENT

We promote **skills development** with 112 training programs held in 2015

We promote the development of **Executive Leadership** with 41 training programs or 37% of all training programs held in 2015

We promote **company efficiencies** by focusing our activities on Company Specific Programmes (52% of all 2015 training activities) which address specific company needs and gaps

“We expose participants to a comprehensive package of functional and general management development activities – all of which contribute to making organisations **globally competitive and sustainable**.”

## What's New?

Training and Development has started incorporating coaching programs to enhance its traditional training programs and better deliver on skills development



*“We deliver a customised learning experience tailored to the companies’ and individuals’ specific needs, which adds genuine value and drives real change in the organisations.”*

**Stella Masinde, Training and Development Manager**

## Training & Development

AMSCO's Training and Development function supports African enterprises to build management and employee skills for improved efficiency, productivity, dynamic leadership and good governance. Capacity is delivered through a range of training programmes designed for **individuals, companies and industries**, to accelerate enterprise growth and profitability; as well as skills development impact.

AMSCO's Training and Development department involves 3 service offerings. **Focused Programmes** are tailored for individuals drawn from different organisations with similar needs. **Company Specific Programmes** are designed to address the unique needs of an individual company. **Sectorial Programmes** examine and address the needs of a particular industry. The sectorial initiatives are intended to tackle industry specific gaps and improve business operations, while upgrading the skills of the participants.

AMSCO specialises in various impactful and pragmatic programmes, including leadership, finance, strategy, corporate governance, sales and soft skills. Programmes are designed for private enterprises (including SMEs), public sector and individuals, aimed at accelerating growth and profitability, and are delivered in English, French and Portuguese.

In 2015, 1,835 people underwent training across 112 programmes, in 7 SSA countries, facilitated by AMSCO. Companies in various sectors and a diverse range of individuals joined focused programmes. The greatest number of training activities delivered and people trained was within Company Specific Programmes. However, the greatest number of people trained per programme (on average 74 per programme) was on HIV/AIDS, Health and Safety, and Environmental Standards.

In 2015 AMSCO organised a sectorial intervention in Zambia, funded by the Finnish Fund for Local Cooperation, targeting two farmer associations. Over 200 farmers, board members and management teams attended three programmes, on the preparation of board charters, board members' roles

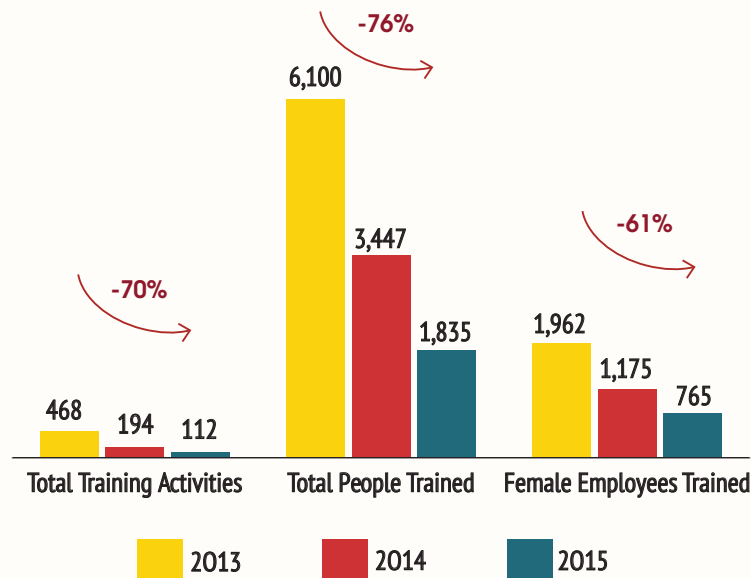


and responsibilities, general management, good agricultural practices and farming as a business.

Changes in the ATMS Project since 2013 resulted in fewer training activities and the number of people trained has fallen substantially. Historically, the ATMS Foundation assisted with donor funding for AMSCO clients' training purposes. By 2014, the ATMS Foundation scaled back on new donor commitments and, by 2015, no new commitments were made. This has hampered AMSCO clients' ability in attending AMSCO-led training programmes that are not partially funded. This is evident in the graph below, however it is important to note that this has allowed AMSCO to focus on **excellence in delivery** and we have thus achieved excellent ratings on the training provided.

Overall rating of training programs by participants: 8.4/10

**AMSCO Training Activities (2013-2015)**



**AMSCO T&D in Numbers**

Training Type	# Training Activities	# People Trained	#Women Trained
Corporate Governance	3	18	8
Executive Leadership Development	41	176	79
Quality Management	4	90	51
HIV/Aids, Health and Safety, Environmental Standards	6	442	203
Company Specific Programmes (Industrial, Technical/Specialised, Banking & Finance/ Insurance, Soft Skills, Admin & HR	58	1109	424
<b>Total</b>	<b>112</b>	<b>1,835</b>	<b>765</b>

**What Our Clients Said**

*"This is a very good training programme, I will recommend for all top executives of various organisations"*  
 participant of Strategic Thinking Applied

*"Enjoyed thoroughly the discussions and right now I can say that I'm better person when it comes to problem solving and self-motivation"*  
 participant of Effective Problem Solving and Decision Making, Lafayette Microfinance Bank

*"AMSCO did a great job in putting the training together and good choice of facilitators to deliver the training effectively"*  
 participant of Marketing and Selling Skills, Builders Home Stores

*"This training has helped me to see various areas where I need improvement; prioritisation, scheduling and goal setting."*  
 participant of Time Management and Personal Effectiveness, Greensprings School

# RECRUITMENT

## What's New?

AMSCO Recruitment is expanding within its existing markets to offer HR Advisory services to enhance the service offering and assist in growing African businesses.

We promote **capacity building** by placing 97 AMSCO managers during 2015

We promote **succession planning** by adding HR Advisory services to our service offering, providing retention and development solutions to complement our existing sourcing

We promote business efficiency **talent acquisition**, sourcing and filling 47 positions in 13 sectors across after during 2015



*“We have on-the-ground presence and international networks that allow us to tap into the senior expatriate talent market”*

**Phetsile Ndzinisa, Recruitment Manager**

## Recruitment

AMSCO's Recruitment offering includes a **full complement of talent management solutions** from requirement analysis to candidate identification and placement. AMSCO works on a project-by-project basis with timelines and performance standards tailored around a company's specific needs.

Historically, AMSCO's Recruitment function enhanced the Placement business, and specifically the ATMS Project, by sourcing candidates and performing background checks on all prospective AMSCO managers. In addition, the Recruitment department reviewed each potential placement for adequate fit both within the client company and the African environment as a whole, mitigating the risk of early termination. These functions served to add real value to a business by placing top talent that would most likely contribute towards the client achieving sustained growth and global competitiveness.

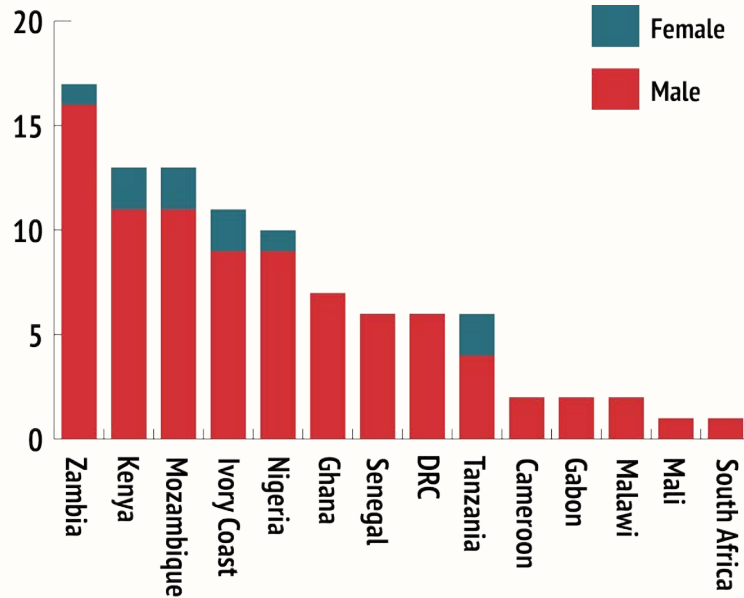
Going forward, the Recruitment department is focused on growth within its existing markets and expanding its services by offering HR advisory services which will include head-hunting, succession planning, pay-roll, and other consultancy services focused on attracting, retaining and developing top-talent. With **local presence in 6 countries**, Recruitment intends to cover 29 countries throughout SSA. By sourcing and placing expatriate senior managers in African businesses, AMSCO's Recruitment department not only meets the needs of its clients, but also drives skills development with an aim of long-term industry expertise and subsequent economic growth.

In 2015, the Recruitment department filled 97 placements by performing background checks and internal reviews of all the placements in addition to sourcing some of the candidates. Placements were made in 13 sectors and across 14 countries. More detailed information on these placements is provided under the ATMS Project and Expatriate Management section.

In addition to servicing the Placements business, Recruitment filled 47 direct

recruit positions (i.e., positions that are not within the Placements business). As the table below indicates, direct recruits were made across 6 countries and 10 industries.

**AMSCO Recruitment in Numbers**



**13 Sectors Serviced in 2015:**



Agriculture, Professional Services, Construction, Extractives, Manufacturing, Business Services, Insurance, Private Equity, Financial Services, FMCG, Healthcare, Tourism & Hospitality, Transport

**Direct Recruits: (Managers Not Placed at AMSCO Client Companies)**

Country	Number of Direct Recruits
Zambia	15
Ghana	15
Nigeria	8
Kenya	6
DRC	2
Mozambique	1
<b>Total</b>	<b>47</b>

## DEVELOPMENT ADVISORY SOLUTIONS (DAS)

*4 Development Advisory initiatives run during 2015, with over \$1 million disbursed in 2015 to implement DAS technical assistance programmes supported by the ATMS Foundation*

We promote **gender equality** with focused programs targeting female entrepreneurship and access to markets

We promote **strong agri-business solutions**, assisting thousands of smallholder farmers with grants, capacity building and technical assistance interventions

We promote **financial inclusion**, implementing governance initiatives and private sector development value chain partnerships, to help strengthen SMEs through financial intermediaries and access to markets

### Development Advisory Solutions

#### DAS Overview

Renamed from Technical Assistance Programmes to capture the new shift and orientation in strategy, and to **connect with the current thinking within the development sector**, AMSCO's Development Advisory Solutions (DAS) works with various development partners through targeted interventions for private sector development, entrepreneurship and improved livelihoods. These projects tend to be highly customised depending on the client, the funders & other stakeholders involved, the resources available, and the developmental goals of each project. This is aligned to AMSCO's broader strategy of developing a unique value offering for the clients that it serves.

AMSCO will continue to partner with organisations where there is an opportunity to provide highly customised solutions and significant development impact. AMSCO's track record, pan-African footprint, access to highly skilled experts through its network of AMSCO managers and consultants, and its relationships with key international development stakeholders (including the UNDP and the AfDB) means that AMSCO is in an excellent position to provide these solutions. In line with the organisation's increased focus towards DAS as a service offering, the existing team of specialists has been expanded upon with increased on-the-ground presence to facilitate and support excellence in the implementation and maintenance of technical assistance programmes in sub-Saharan Africa.

#### DAS Looking Forward

The DAS business has now been consolidated under a separate and single entity in order to strengthen the business. With its own financial responsibilities and dedicated team, this focus will improve efficiency and nurture strong teamwork among the members. A business development function and process realignments have been recently strengthened through an intensive planning workshop. Consequently the team strategy and structure will be evolving and become increasingly focused in the coming months. This will position AMSCO's business well for 2017 and beyond and ensure that sustainability is achieved.



*“As part of our core strategy we plan to collaborate on programmes and form alliances, operating as either partners or sub-contractors, to grow our business and build stronger ties and credibility within the donor communities”.*

**George Apaka, Development Advisory Solutions Manager**

## DAS – CASE STUDIES

### Zambian Business in Development Facility (ZBiDF)

The Zambian Business in Development Facility (ZBiDF) commenced in September 2014 as a 2 year pilot programme funded by the Swedish International Development Agency (SIDA) and supported by the Embassy of Sweden in Lusaka. The ZBiDF's mission is to systematically support and catalyse cross-sector partnerships in order to unleash the power and resources of business on poverty reduction and improve development outcomes, while achieving business benefits.



The project aims to establish **high impact cross-sector partnerships** that contribute to Zambia's development goals and develop a conducive partnering culture. Furthermore, the project sought to establish ZBiDF as a sustainable social enterprise to provide on-going support to cross-sector partnership development.

As a result of this intervention, ZBiDF led to a wide range of organisations signing partnership agreements and improved levels of trust between project partners. In addition, training through ZBiDF was implemented in the workplace, and ZBiDF was able to generate its own revenue. Consequently clients perceive ZBiDF as a value-adding organisation providing high quality products and services.

### Accelerated Development of Selected Farmer Enterprises in Zambia (ADSB)

The Small Holder Irrigation Project was funded more than 10 years ago by the Government of Zambia and the Government of Finland to establish irrigation infrastructure in the Neganega and Sinazongwe districts of Zambia.

AMSCO was appointed in 2015 by the Finnish Government to manage and implement a 1 year project targeted at **strengthening overall governance capacity**, core business or management systems and infrastructure as well as increase capacities of staff.

As a result of AMSCO's engagement, the two districts established a board of directors to manage the project more efficiently. In addition to this, the two districts have competent management teams in place with operations management and automated financial management systems. The management teams are able to produce financial and narrative reports to their respective boards. The farmers are able to articulate their roles and responsibilities.

### East Africa Dairy Development (EADD)

EADD II is a five-year programme designed to help 136,000 smallholder farm families to achieve sustainably improved livelihoods as well as **stimulate income growth** for an additional 400,000 secondary beneficiaries in Uganda, Kenya and Tanzania by 2018.

AMSCO's intervention involved undertaking a review of 8 Producer Organizations' (POs) commercial and operational plans, assessing and re-aligning the commercial viability of what would constitute an appropriate business model for the POs, and paving the way for implementation of effective and efficient operational plans for the POs.

As a result, and through consulting extensively with the stakeholders involved, strategic plans for the various Producer Organisations were developed for the period 2015 to 2019. These plans aim to transform the companies (POs) into dynamic and vibrant dairy outfits providing high quality and reliable dairy products and solutions that adequately address the needs of the dairy farmers by 2019.

# ATMS FOUNDATION



*“The ATMS Foundation remains intimately linked to the operations of AMSCO. The Foundation has disbursed over \$6 million over the course of ATMS V to assist in achieving the objectives set up for the ATMS Project, namely growing SMEs and capacitating African employees with solid skills”*

**Jan Berteling, ATMS Foundation Chairman**

## 2015 Foundation Disbursements (US\$)

<b>DAS Programmes:</b>	
GOWE (Kenya)	348,028
Cadiz & SARPAM (South Africa)	109,859
ZBiDF (Zambia)	663,106
SEEDCO (Zambia)	8,960
<b>Management Support</b>	59,802
<b>Training Support</b>	182,230
<b>Total Foundation Support</b>	1,371,982

## ATMS Foundation

The ATMS Foundation was established in 1996 to fulfil a fiduciary role under the ATMS Project and provide support on behalf of donor agencies to the SMEs most in need, those to which AMSCO can deliver the greatest developmental impact. Historically, the Foundation provided grant funding exclusively to AMSCO clients in the form of Management Support and Training Support. Management Support has assisted in partially funding the cost of AMSCO’s expatriate managers while Training Support has assisted in partially funding training programmes for local staff. Together, these funding initiatives aided the ATMS Project’s objectives by including eligible companies that would otherwise be excluded from the Project due to financial constraints and assisting with skills-transfer.

The ATMS funding was critical in enhancing skills development. These initiatives focused on **entrepreneurship** – to boost the potential of SMMEs, improve knowledge of, and **access to market initiatives** in the agriculture sector, and also prioritised projects in **fragile states**, where the market can be an effective tool to socio-economic stability. The result was improved levels of **women empowerment** in business and communities, financially solid and sustainable SME’s, as well as effective skills transfer from international experts to local African businesses and individuals. These are all

critical elements in strengthening the growth of local economies and building towards improved economic and social development within communities and countries.

In recent years, the ATMS Foundation has expanded on its traditional funding approach, and grown to fund selected Development Advisory Solutions (DAS) programmes implemented by AMSCO. The Foundation approves each DAS programme based on the **high potential of skills transfer** that can ultimately lead to overall private sector development. In this way the ATMS foundation is able to ensure a comprehensive approach to the development of the private sector, while simultaneously ensuring that human capital development on the continent is achieved.

As of 2015, no further grant commitments were extended by the Foundation, as it was decided that the Foundation should focus on its outstanding commitments with a particular focus on DAS Programmes. In 2015, the

Foundation disbursed a total of \$1,371,982.

The DAS projects implemented were significant with the total support extended to these programmes amounting to \$1,129,950. In 2015, the Foundation supported the following DAS Programmes: CADIZ Assist Project (South Africa) which ended in June 2015, GOWE (Kenya) which ended December 2015, and ZBiDF (Zambia) which is expected to close in 2016. In a climate of economic uncertainty, this represents a major undertaking and financial commitment over the years from the Foundation.

As detailed in the table above, the ATMS Foundation disbursed grant funding amounting to a total of US\$242,032 for Management and Training Support. US\$59,803 (25%) was for Management Support and US\$182,230 (75%) was for Training Support. Off the back of this funding allocation, a total of 8 clients benefited from Management Support and an additional 36 clients benefited from Training Support.

# AMSCO FINANCIAL SUSTAINABILITY

	2013	2014	2015
Revenues	45,184,022	46,313,022	40,520,376
Cost of Sales	36,461,605	37,624,660	32,437,892
Gross Margin	<b>8,772,417</b>	<b>8,688,372</b>	<b>8,082,428</b>
% of Revenues	19.3%	18.8%	19.9%
<b>Operating and Administration Costs</b>			
Staff Expenditures (Staff Cost, Training and Bonus)	4,299,152	4,706,143	4,879,131
Operating Expenditures	3,284,839	2,763,328	2,828,618
Depreciation for the Year	161,007	235,186	314,181
Provision for Bad Debts	411,467	(53,561)	83,129
Other Expenditures (Bank Charges)	217,064	170,583	145,285
Total Costs	8,373,529	7,821,679	8,260,345
% of Revenues	18.5%	16.9%	20.4%
Other Income/Currency Fluctuation	(154,183)	(163,476)	(261,580)
<b>Net Incomes</b>	<b>194,705</b>	<b>703,217</b>	<b>(439,442)</b>



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

**Richard Barasa, Head of Finance**

In 2015, AMSCO posted a net loss of \$439,442, the first loss in the last 11 years of operations. This loss is primarily a result of a challenging economic environment, volatility of domestic currencies, investment in business transition, a liquidity freeze in the Foundation and accreditation challenges across all regions. These factors led to a 14.3% decline in revenue from Placements income which accounts for 80% of the overall revenue. Despite these challenges, revenue from Recruitment increased fourfold and is **expected to grow significantly** in the coming year. Training and DAS performed below expectations but with the implementation of the new company strategy, revenue from these service lines is expected to grow.

Overheads increased slightly from the previous year, by 5.3%, partly due to an expansion of operations, staff development and operational restructuring. Overheads will continue to be managed stringently while the company grows its revenue lines.

AMSCO Management is committed to ensuring long-term financial sustainability while providing services to clients that benefit their businesses and the local private sector. AMSCO Management intends to achieve this by carefully planning its allocation of resources to meet both short and long-term objectives. AMSCO is also undergoing a transformation to **diversify revenue** and to increase margins in the remaining phase of the ATMS Project. With an accelerated strategy plan in place and effective financial management, AMSCO is expected to return to profitability in the near term.



## AMSCO IN 2016 AND BEYOND

In 2016, AMSCO aims to solidify its position as a market leader in delivering innovative Human Capital Development solutions. AMSCO has a wealth of experience in operating on the continent and aims to continue to work together with local partners in order to grow private sector SMEs across the continent. AMSCO's deep and far-reaching history on the continent highlights its ability to work with partners under a vast multitude of economic and political conditions, providing tried and tested solutions to promote private sector development.

A number of changes are planned for AMSCO in 2016 and beyond. Some of these changes will occur through the implementation of a dual strategy of both creating a new company structure and embarking on a process of acquisitions.



The new structure will ensure that AMSCO has a network of locally registered companies across SSA. These entities will work towards meeting the unique needs of that particular market and also serve the interests of neighbouring countries. The local companies will continue to operate in markets that AMSCO has a presence in, and the established teams in these offices will be well placed to deliver on the overarching AMSCO mandate.

AMSCO is also engaged in a process of working towards bi-lateral agreements with governments in order to continue to ensure that AMSCO's services meet the demands and

needs of each market in which it operates. AMSCO prides itself on offering a relevant and excellent service, and it intends on expanding on this in 2016 and beyond. By working closely with governments, and aligning its services with the needs and development priorities outlined by the various government development agencies, AMSCO will ensure that its activities in-country will have a direct and lasting impact on the local economy.

Furthermore, AMSCO is working to consolidate its position as a leading provider of HCD solutions across the market, building on its experience and long term relationships. AMSCO's acquisitions strategy has brought expert monitoring and evaluation skills into the organisation. This will improve AMSCO's ability to meet client needs and grow in line with the changes in the wider development sector. Other organisations have been identified for potential collaboration, partnership or acquisition, and will be reviewed in time – ensuring that AMSCO works with leading organisations in their field in order to boost AMSCO's execution capabilities and market reach.

Through this phase of transition, AMSCO's core values will of course remain the same: **People, Passion, Teamwork, Excellence and Customer Satisfaction**, and through acting in accordance with these values AMSCO will be able to execute its mission to “**build management capacity within African enterprises by providing management and training support, primarily to African SMEs**”. These values have powered AMSCO's organisational development over the past 27 years, and will continue to do so going forward.

AMSCO is excited about this new phase in its development and the opportunity to engage with the market in a new manner. The combination of its track record and experience, as well as its new, innovative and agile approach to doing business, means the future looks bright. AMSCO look forward to continuing its journey with you.

# WHAT THE MARKET SAYS ABOUT AMSCO

## Clients

*“AMSCO played a key role in formalising the business into more of a corporate structure where we were able to scale up from having 100 clients to 300 clients, and we’re now positioned, hopefully, to move to 900 clients for next year, and having them [AMSCO] work with us, it’s been one of the important elements in that growth”*

**Mark Hemsworth - CEO Rent to own**

## Partners

*“Being a partner with AMSCO, has been worthwhile, we consider it as one of the best decisions we’ve taken since the establishment of the school, and we look forward to continuing the relationship”*

**Mr. Kalada Apiafi (School Chairman, Brookstone School, Nigeria)**

## Shareholders

*“Our shared vision with AMSCO not only speaks to our values and goals but also to an Africa-wide initiative to see the skills gap in the continent recede. AfDB is one of the key custodians of development initiatives and AMSCO a strong partner towards implementation. Our combined determination continues to find synergies through the practical and measurable efforts that seek to accelerate growth through skills development”*

**Kodeidja Diallo Director of Private Sector Operations AfDB (African Development Bank)**

# AMSCO – CASE STUDIES

## A Case in Point – AMSCO Placement

### The Biovac Institute

#### Background

The Biovac Institute was established in 2003 through public private partnership between the South African government and a private healthcare company in order to set up a human vaccine manufacturer in South Africa. Government is represented by the Department of Health (DoH) as well as the Technology Innovation Agency (TIA), an agency of the Department of Science and Technology (DST).



#### Problem

The facility prioritised infrastructure and methodologies that can potentially address HIV AIDS, TB and Malaria vaccine development. Given that the company is the only vaccine manufacturing facility in SSA, the institute faced a difficult market for sourcing skilled experts in the field, as well as challenges in the existing skills capabilities of employees.

#### The Solution

The objective of AMSCO's intervention at Biovac institute has been to help in the operational capacity of the manufacturing facility as well as to create a vehicle for South African scientists to gain expertise in the vaccine research and manufacturing technology. AMSCO's assistance has been in sustaining capacity in the management structure of the organisation.

#### Impact

- Relevant training interventions for building commercial vaccine manufacturing capability.
- Enhancement of local procurement: currently Biovac institute has 273 local suppliers, with a total investment in their products varying between \$10,000 to \$200 million, the latter being for vaccine products. Most of these are South African grown organisations with no foreign ownership.
- Product and technology transfer: various technology transfer initiatives with international partners like Sanofi Pasteur, a French multinational drugs company.
- Job creation: with a growth in headcount from 24 in 2003 to the current 154 in 2015.

## A Case In Point – AMSCO Recruitment

### LAPO (Lift Above Poverty Organisation)

#### Background

LAPO is based in Benin, Nigeria, and started in 1998 as a community development non-profit institution with three main programmes; provision of micro-finance; providing social and health awareness programmes for clients and addressing the challenge of gender inequity, especially in rural communities.



#### Problem

LAPO sought to become a fully licensed financial bank. Driven by this motivation, and the need to strengthen the company's financial management LAPO management sought the assistance of AMSCO. AMSCO assisted in sourcing and placing managers into positions deemed necessary for achieving the firm's ambitious growth plans.

#### The Solution

In line with LAPO's organisational needs, AMSCO seconded Dr. Kamakhya Singh to join LAPO's administrative board as Chief Finance Officer (CFO) in 2010 to better position the organization for the transformation to a licensed finance bank and also assist with subsequent operational expansions.

With AMSCO being an entity which is promoted by a number of bi-lateral and multilateral institutions, the appointed CFO had a robust platform for its investment raising mandate. LAPO was the first indigenous micro-finance bank to receive investment from the IFC, and moving forward LAPO has acquired financial assistance from AFD (Agence Française de Développement). In addition, the entity is now in negotiations with the African Development Bank and other multilateral institutions which are invested into AMSCO.

#### Impact

- Access to international financial capital for expansion purposes achieved.
- Financial policies reviewed, improved and implemented
- Over the six years of engagement, revenue increased by 354%, profit by 390%, annual disbursements by 550% and total assets by 420%.
- Significant development of women empowerment, with a 190% increase in female staff representing over 50% of the firms employees. Of the total loan portfolio, 90% of the loans were granted to women by the end of the 2015 intervention.
- Successful restructure of financial management, accounting, business planning, financial planning and other relevant items which strengthened the financial performance and operational capacity of the micro-finance bank.

## A Case In Point – AMSCO Development Advisory Solutions

### SEEDCO

#### Background

In March 2014, Seedco Zambia, Musika and AMSCO partnered to implement the 'improve your business' training programme. The primary objectives of the training were to build the entrepreneurial acumen of 40 agro-dealers and to lay the foundation for sales outreach infrastructure for Seedco.



#### Problem

AMSCO was engaged by SEEDCO to develop the competitiveness of 50 target distributors through entrepreneurship development within the SEEDCO value chain. SEEDCO found that the agricultural yields were low, and the agro dealers they engaged with lacked business administration skills. As a result there was an opportunity to improve business owners' ability to generate income – both at a household and at national tax revenue level.

#### The Solution

Having mobilised funds for the program along with SEEDCO and MUSIKA, AMSCO in addition implemented an entrepreneurship development program for the distributors to grow their reach into rural areas and enable the reduction of recycled seeds and to develop market linkages for the small scale farmers using SEEDCO products.

#### Impact

As a result the partnership with Seedco and Musika has helped agro-dealers across Zambia to achieve significant increases in sales and to improve in agro-inputs distribution. By the end of the project, beneficiaries had achieved significant increases in monthly sales:

- 66% of the target stockists had increased monthly sales by over 30%.
- 30% had grown their sales by between 10% and 30%.
- 38% had increased their sales by between 31% and 50%.
- 29% had expanded their sales by over 50%.

## A Case In Point – AMSCO Training & Development

### GROWTH ORIENTED WOMEN ENTERPRISES (GOWE) KENYA PROGRAM

#### Project Background

The Growth Oriented Women Enterprises (GOWE) Program in Kenya was officially launched in November 2006 together with IFC and ILO. The program aims to empower women entrepreneurs and enhance the viability and success of their enterprise through providing access to credit and capacity building services.



#### Problem

In 2010, the IFC required an organisation to assume management of the GOWE Program. AMSCO was appointed to manage the technical assistance section of the Project to continue building the capacity of the GOWEs using various tools such as the Improve your Business and Expand Your Business training programmes; Business Edge programmes and the GOWE Business

Planning programme.

#### The Solution

Through AMSCO the Project seeks through training to improve managerial capacity of the main players, including local banks, women's enterprise associations and women entrepreneurs. This included, but not limited to the following objectives:

- Market the capacity building project to all GOWEs and Women Associations
- Report to AfDB on the operations and performance of the Project.
- Training of Women Entrepreneurship Associations (WEAs) and facilitating networking opportunities.
- Facilitate linkages with other donors and programmes in order to leverage and increase Project impact and reach.

#### Impact

- GOWEs trained have experienced a 15% Increase in turnover
- 42 loans advanced to GOWEs bringing total financing provided to USD 2.5 m.
- 254 GOWEs trained on Business Planning, 237 trained in Business Strategy, 88 trained in Business Operations.
- 42 Business Development Service Providers have undergone knowledge enhancement through Training of Trainers (ToTs) programs.
- 20 mentors trained and equipped with mentoring skills, 35 bank officers trained in gender issues.
- 12 Women Entrepreneurship Associations assisted with organisational development and 70 of their officers trained.
- GOWEs trained have shown a 57% increase in employment numbers / jobs provided



A Regional Project of the UNDP



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