

ATMS PROJECT

IMPACT REPORT

2013 - 2017







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ATMS PROJECT IN NUMBERS

2013 - 2017

By contributing to the growth and profitability of its client companies, through its managers and staff training programmes, the ATMS Project has increased the tax revenues for host governments and ultimately contributes to the economic development of African countries.



Sub-Saharan African countries where AMSCO was active



887

Beneficiary Organisations supported



1,345

AMSCO managers seconded to Beneficiary Organisations



US \$14.652 BILLION

Total revenue of Beneficiary Organisations



13,951

People trained



US \$331.08 MILLION

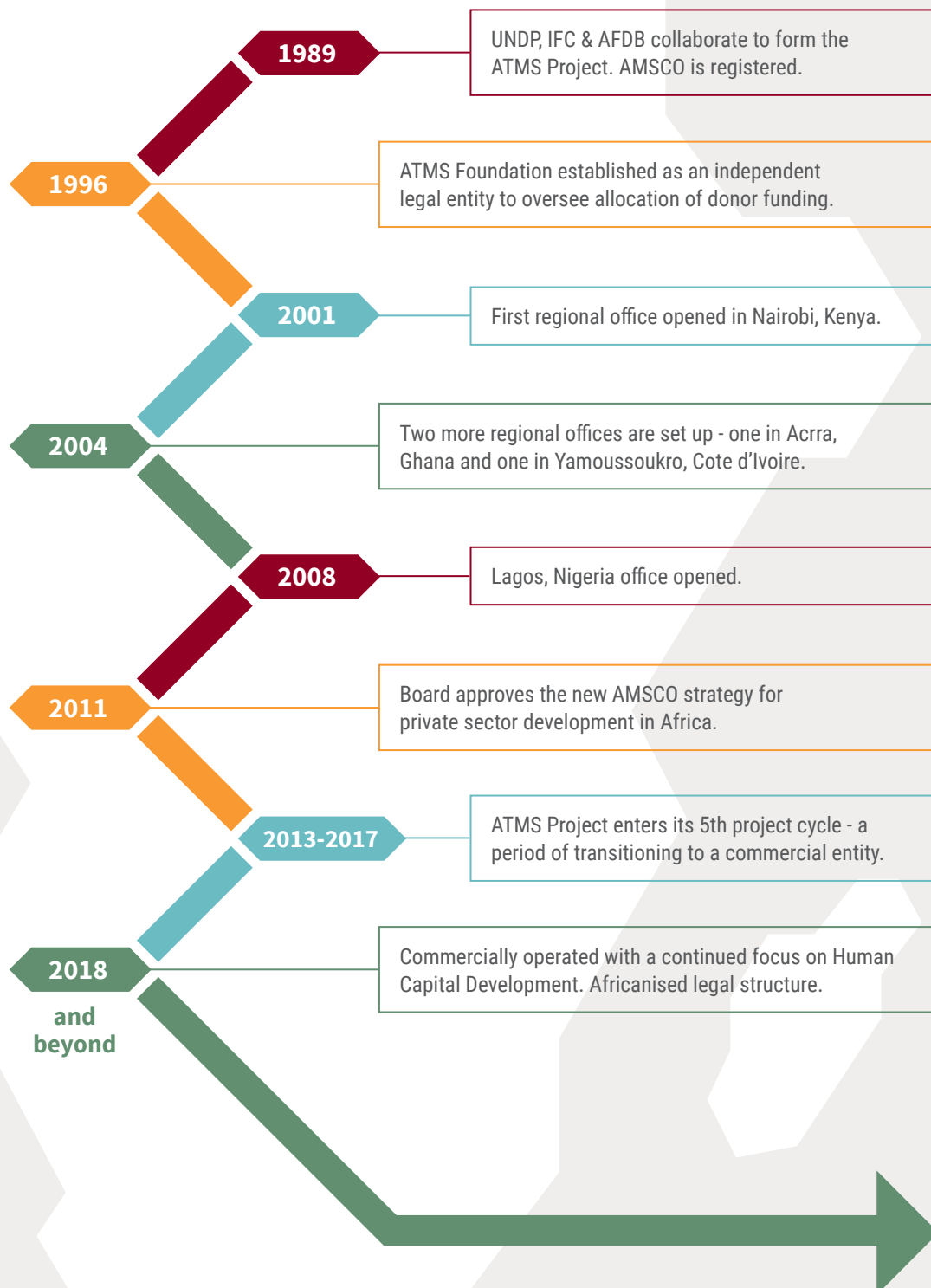
Taxes paid by Beneficiary organisations to African Governments



468,484

Jobs supported by Beneficiary Organisations

ATMS PROJECT TIMELINE



ABOUT THE ATMS PROJECT

AMSCO is a pan-African private sector development Group that provides tailored human capital solutions. Its core focus is partnership-driven capacity and skills development to assist African SMEs in becoming leaders in their field.

AMSCO offers a comprehensive integrated service package including tailor-made development programmes designed to fulfil the unique needs of businesses on the African continent. AMSCO has since 1989 built its legacy on passion for people combined with the ongoing ambition to turn sub-Saharan small and medium enterprises into thriving African enterprises.

AMSCO delivers four human capital development services to client companies and governments – Development Advisory Solutions, Enterprise Development Programmes, Human

Resources Advisory and Impact Advisory. 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.

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.

The ATMS Foundation fulfils a fiduciary role under the ATMS Project and provides support on behalf of donor agencies to the SMEs most in need, those to which AMSCO can deliver the greatest developmental impact.

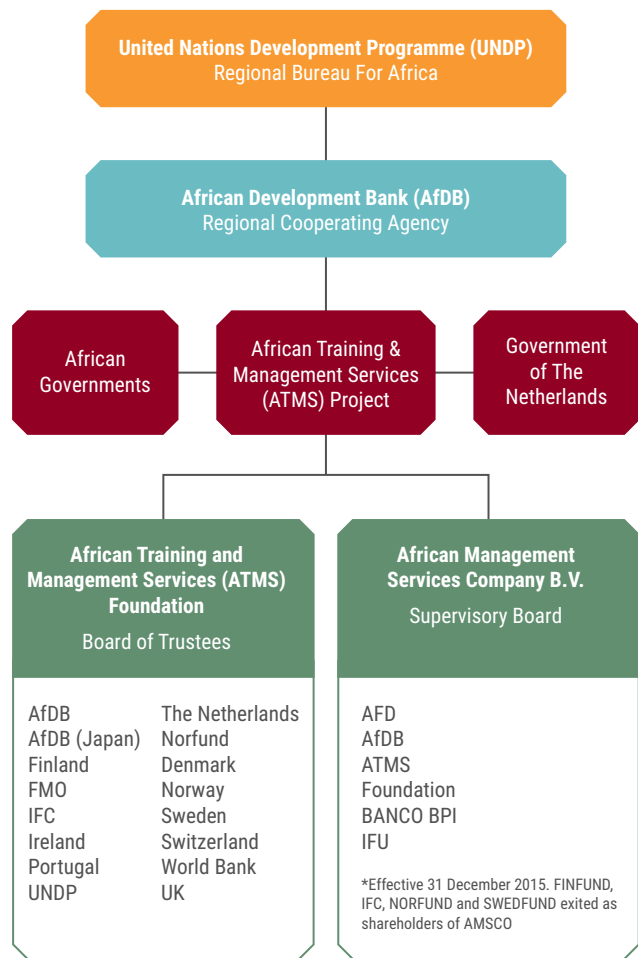
ATMS STRUCTURE

The ATMS Project is a regional project of the UNDP. AMSCO BV and the ATMS Foundation are responsible for the execution and funding of the project on behalf of its donors respectively.

AMSCO BV is a private limited liability company incorporated on April 7, 1989 in The Kingdom of The Netherlands with its statutory seat in Amsterdam. The company is entirely equity financed, with an issued share capital of EURO 11.436 million.

The ATMS Foundation was established in 1996 by the International Finance Corporation (IFC) in its former capacity as the executing agency for the ATMS Project to assist in fundraising from donors and to oversee the allocation of donor funding to suitable grantees. The ATMS Foundation is an independent legal entity, established in Amsterdam under the laws of The Kingdom of The Netherlands to support clients within the framework of the ATMS Project initiative.

The ATMS Foundation is funded by a number of committed bilateral and multilateral donors. These funds have gone to AMSCO's client companies and public private partnership driven Development Advisory Solutions' programmes to help co-fund the costs of management and training services provided by AMSCO.





OUR VISION

To assist African enterprises in becoming globally competitive, profitable and sustainable.



OUR MISSION

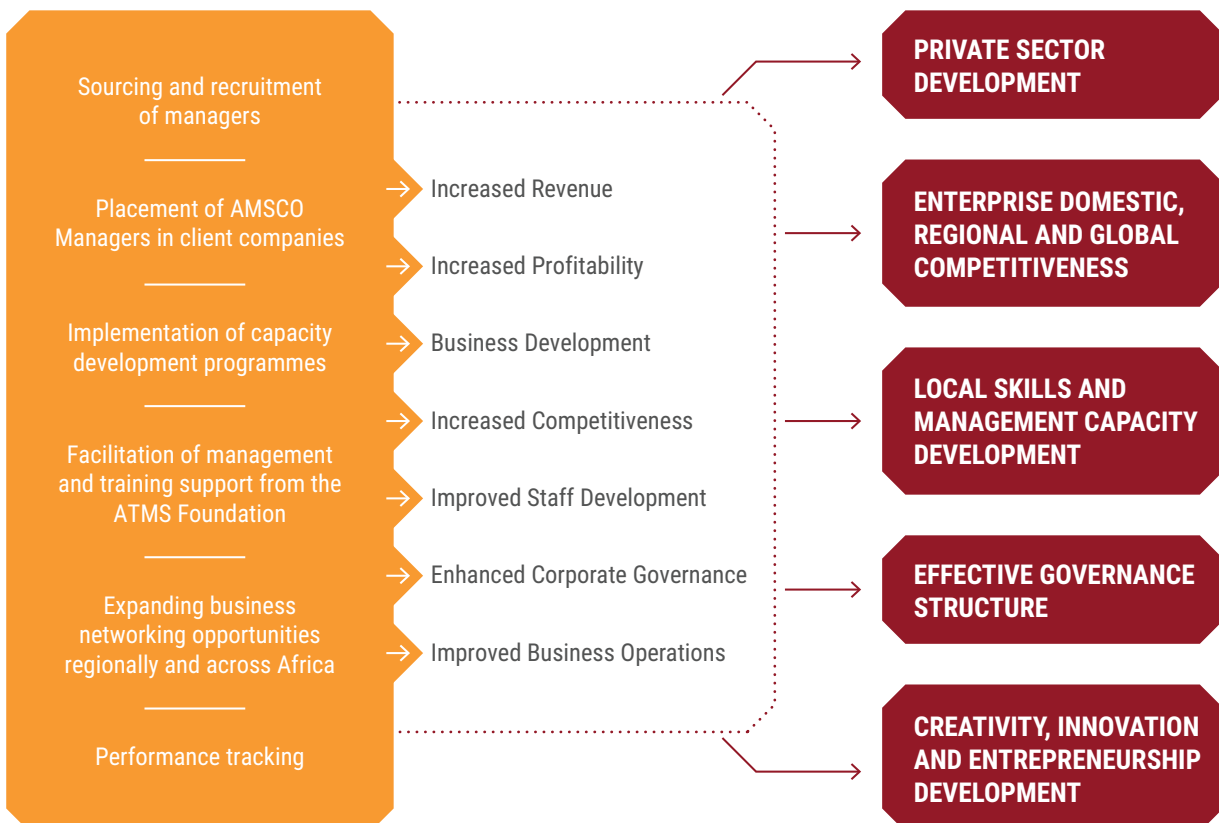
To build management capacity within African enterprises by providing management and training support, primarily to African SMEs.



OUR VALUES

Passion, People, Team Work, Excellence and Customer Satisfaction.

AMSCO VALUE PROPOSITION



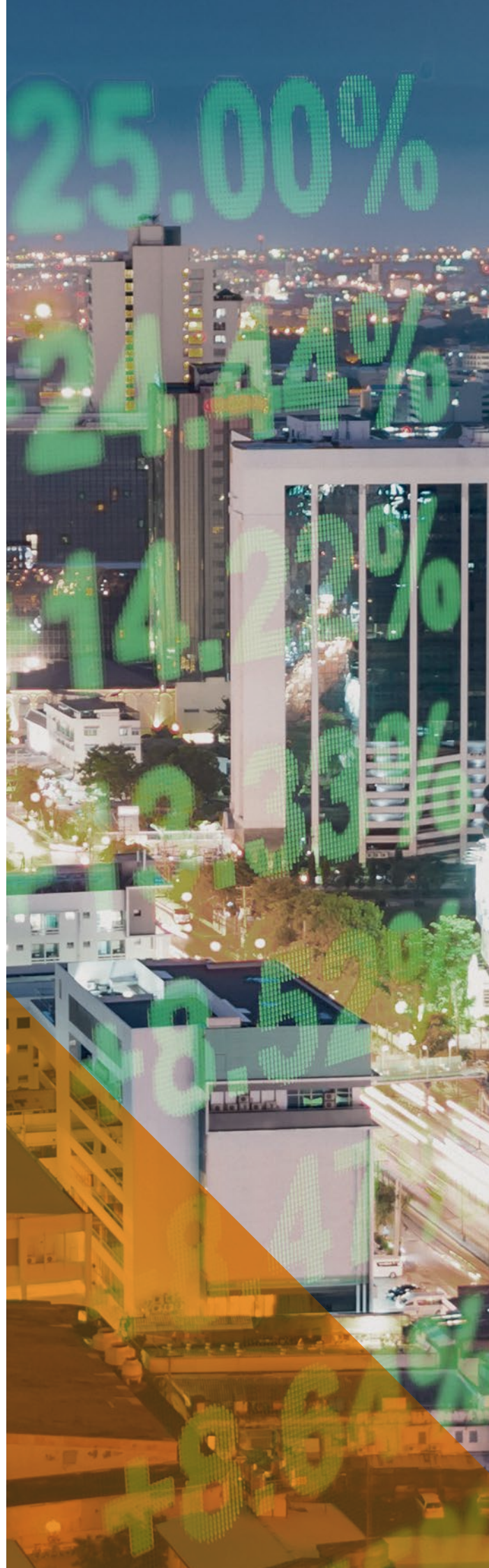


CEO'S MESSAGE

The Africa success story is real. Sub Saharan Africa has realised economic in recent years, growing from 1.3% in 2016 to 2.4% in 2017. This growth in GDP is driven by the continent's largest economies including Nigeria, South Africa, and Angola. On another positive note 2017 also saw both Nigeria and South Africa exiting technical recession; however their pace of economic recovery remains slow and has held back the potential for even more aggressive economic growth for the region in 2017. Despite these isolated economic limitations, the rate of growth in Sub-Saharan Africa exceeds GDP growth rates in Europe, Middle East, North America and the Western Hemisphere as a whole (1,7%). This economic growth coupled with political stability in most countries, creates fertile ground for further progress. As expected Sub-Saharan Africa is not without its challenges. Some key challenge areas that need to be addressed include agricultural development; financial market governance and regulation; foreign direct investment; public sector governance; quality education, infrastructure, and energy. In order for the advances to be sustainable Sub-Saharan Africa needs to continue and escalate the rate of regional development: development of private sector growth, development of local capital markets, development of infrastructure, development of systems of effective governance; and arguably most importantly; development of human capital. At AMSCO we believe that Human Capital development is the key that will unlock the potential of all these development initiatives and in partnership with our key stakeholders in the private sector, government and development community we can work together to achieve this.

The very successful ATMS project came to its conclusion at the end of 2017 after 28 years of impacting SME development in Sub-Saharan Africa. The successful manager placement model continued to be the anchor of AMSCO's human capital development programme over the ATMS V project peaking in 2014 at 321 managers placed in 213 client companies. In 2017, the number of ATMS project clients declined by 35% to 102 from 157 clients in 2016 whilst managers declined by 31% to 174 from 254 in 2016. This was expected as we near the end of the ATMS project with lower acquisition of new business, and early terminations and non-extensions of contracts. AMSCO trained close to 14,000 employees within our client companies of which a third were women.

Over the years, AMSCO developed a reputation for being a trusted partner in managing and utilizing funding for the implementation of projects that make a measurable impact on human capital effectiveness across sub Saharan Africa. In Kenya and Cameroon, the African Development Bank and other partners provided funding for



the implementation of Growth Oriented Women Entrepreneurs (GOWE) project, which was in excess of US \$1.7 million to build the capacity of women entrepreneurs. The Zambia Business in Development Facility (ZBIDF) is another example of successful Public-Private-Partnerships which saw the implementation of a US \$1.5 million grant funding from SIDA (in collaboration with the Zambian government) to develop impactful cross-sector partnerships within the private sector. Similar success stories of projects implementation continued to demonstrate the power of collaborative partnerships across our markets in Sub-Saharan Africa. Harnessing this track record and the reputation that AMSCO has in working with Public-Private Partnerships and attracting funding to projects, will position us well in securing large scale complex and integrated projects. To this end AMSCO has been repositioned, redesigned and redefined as a leading Human Capital Development business. AMSCO has the track record and experience in working on large scale sectorial projects with a number of partners from the private and public sector. Translating this experience into the ability to conceptualize and design effective high impact human capital projects, will provide AMSCO with a unique value proposition going forward. In addition, AMSCO is ideally positioned in partnering with donor organizations and Development Finance Institutions to support these complex development projects.

During 2017 AMSCO continued to focus energy on building value adding partnerships for growth. As part of our drive for diversification of services across the human capital value chain, AMSCO formed partnerships with key strategic partners in areas of executive search and training. These strategic partnerships compliments the established AMSCO offerings and enables us to provide a full suite of services to our clients based on their needs. In preparation for the conclusion of the ATMS project and beginning in 2016, AMSCO engaged 13 African governments in an attempt to collaborate on customized, multi-year Human Capital Development (HCD) interventions in each country. These interventions were christened Enterprise Development Projects (EDPs), and were designed around AMSCO's traditional businesses lines: Recruitment services, Training & Development services, and Impact Assessment services. To date, six (6) EDP Contractual Framework Agreements (CFAs) have been signed with governments in Cameroon, DRC, Kenya, Mozambique, Nigeria, and Zambia. The EDPs are designed as complex HCD offerings, customized for each partnering country, and implemented in cooperation with the Host Governments.

With the conclusion of this project comes change. Spearheaded by the AMSCO management team, its directors and shareholders we have spent large parts of 2017 rethinking our business and how we will continue to deliver high impact human capital development solutions to the Sub-Saharan Africa market post ATMS. Some of the more immediate changes included the departure of the previous CEO and Managing Director after 10 years of service to the organisation. The AMSCO business model has also made significant shifts away from the ATMS project and the organization has been redesigned as a commercial business entity focused on Human Capital Development. AMSCO has also proposed a new legal structure, which resulted in the registration of a number of private companies across the operating entities.

The revised business model and strategy was designed to address certain critical areas of internal change required to ensure AMSCO's ability to remain a provider of choice for human capital development solutions. This included a focus on growing revenue and profitability. Although there has been growth in certain business units in 2017 it has been slower than expected and this has resulted in a decline in profitability.

The changes implemented during 2017 also resulted in a number of changes in the team structure.

AMSCO employed 80 employees in 2017 and the staff structure has been redesigned with a particular focus on eliminating duplication across business units by creating shared capacity, increasing staff and focus on strategic business development, reducing overhead (corporate services) cost, and eliminating positions that are not critical for the new human capital development business model. Thereby reducing overall staff compliment to 60 at the beginning of 2018.

The end of the ATMS project on December 31st 2017 also has certain tax implications. As a result of the Treaty with the Kingdom of the Netherlands, AMSCO was exempted for certain taxes, including corporate taxes which will come to an end in December 2017. Although the possible impact of these changes in taxes will only be evident in the 2018 audited financial statements, Management has set up a transfer pricing policy and tax map for the AMSCO group of companies to ensure the application of best practice accounting and tax practices. We believe that these systems and processes will limit adverse implications of a new tax regime as AMSCO operates as a normal corporate citizen in 2018.

We thank the ATMS Foundation Trustees, donors, African Governments and other stakeholders for their support over the course of the project cycle and their continued support during our transformation. We also would like to thank the AMSCO board for their support over the years and in particular the confidence shown in the new team post 2017, as AMSCO transitioned into a fully commercial entity. Lastly, I thank the entire AMSCO team for their passion and commitment to transform AMSCO to be a world class human capital development organisation under often very difficult circumstances. The Group's continued growth and sustainability depends on our teamwork and passion to succeed.

As a business AMSCO is passionate about developing human capital across Sub-Saharan Africa in order to create sustainably competitive organizations, which will results in economic growth for all the people of Africa. This passion permeates everything we do. AMSCO looks forward to continue to be a key partner in realizing the dreams of an African Renaissance.

Wikus Van Vuuren

CEO and Managing Director of AMSCO

ATMS IMPACT REPORT

FOCUS ON:

PLACEMENT AND RECRUITMENT

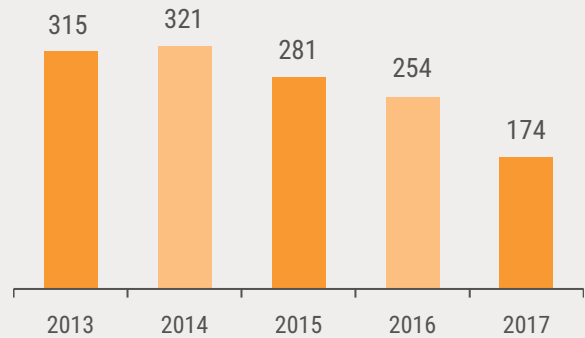
Our focus with the ATMS project since 2013 has been to empower private sector enterprises to improve their profitability and sustainability in order to drive employment creation and poverty eradication within the African continent. In order to achieve this, our energy has been concentrated on achieving this through SMEs which often lie at the grassroots of development and tend to have the highest impact on communities as ordinary people take on the role of entrepreneurship. In line with the broader Sustainability Development Goals, we worked 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.

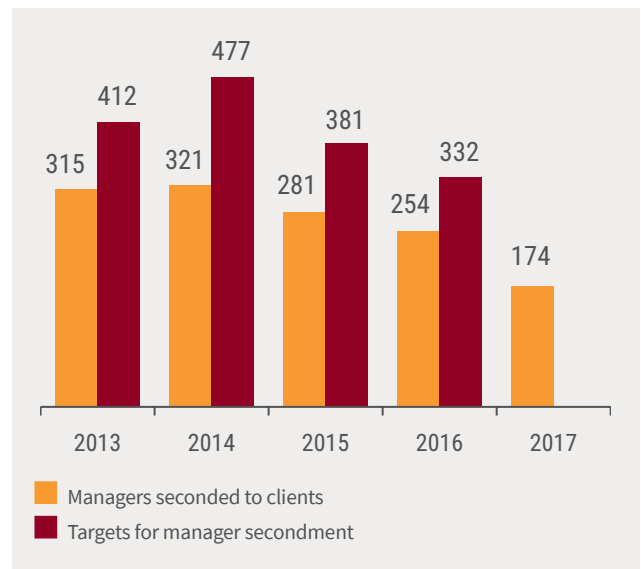
In order to achieve these objectives, we embarked on placing managers within client companies within our portfolio. AMSCO placed a total of 1345 Managers to our client portfolio during the project cycle. An average of 51% of all Managers that we placed since 2013 occupied top management roles, while 30% occupied functional roles, with Operational and Technical roles accounting for 11% and 8% respectively. The impact of these AMSCO Managers in the client portfolio is detailed in later sections of this report.

In the 2013 year of operations, we placed 315 managers over our portfolio of 213 clients. This peaked in the 2014 year of operations with an increase of 2% from the 2013 year of operations to 321 managers for the same number of clients within our portfolio. The 2015 and 2016 years of operations saw a decrease in the managers to 281 and 254 respectively that we placed within client firms. However, this was in line with the reduction in our client portfolio to 187 clients in 2015 and 157 clients in 2016. The 2017 year of operations, coupled with the winding up of the project cycle, saw a 31% decrease in the number of managers placed within client firms. Apart from this being a reflection of our reduced client portfolio, AMSCO underwent significant operational restructuring in this period which reduced our operational capacity to continue the placement of managers. In addition, it became increasingly difficult to attract suitable candidates to place on short term contracts of less than a year for the last year of the ATMS V project cycle.

MANAGERS SECONDED TO CLIENT PORTFOLIO BY YEAR END



MANAGER PLACEMENT AGAINST TARGETS



In the 2013 year of operations, we reached 76% of our manager placement target set for the year. We could not reach our target as a result of the delays in the project cycle approval in this year. This limited business development in the first half of 2013.

In the 2014 year of operations we reached 67% of our set target for the year. This was due to the delay experienced in the previous year of approval of the project cycle which led to lower than expected growth within 2014. In addition, AMSCO implemented significant organizational changes which further contributed to the slower than expected pace of new business acquisition.

The years 2015 and 2016 saw us reaching 74% and 77% of our set targets for each year respectively. This was a significant increase from the 2014 year of operations. The year 2017 coincided with the finalization of the ATMS V project cycle which limited AMSCO's ability to carry out new business development within this period.

This saw a reduction in the managers placed within the year as compared to the 2016 year of operations. In addition, due to the restructuring detailed above we lost significant operational capacity to carry out placements as well as in accurate recording of the managers placed by our offices in this year.

FOCUS ON:

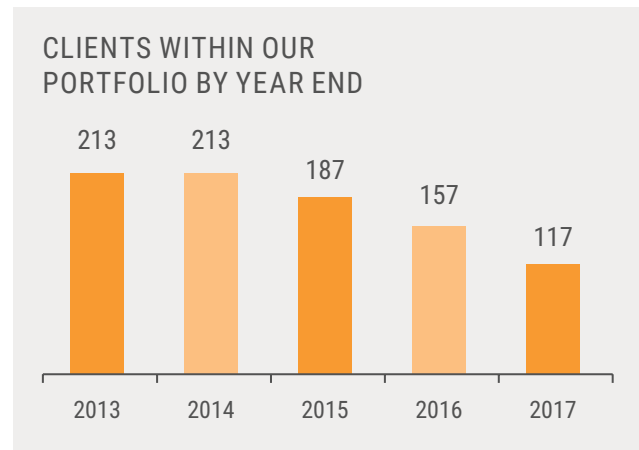
OUR CLIENT PORTFOLIO

We are proud to have had a positive impact on our client portfolio over the past five years. Through the placement of our selected managers, we have providing the much needed skills to our client companies and most importantly within various economic sectors and industries. Our impact through our clients has been spread across Africa, with clients in 10 African nations. Through the conclusion of agreements with individual African countries, we have been able to attain access to client companies within each country. These client companies are selected on their potential to address our key intervention areas. In 2013, we identified the key intervention areas from which we can support the development and upskilling of African enterprises within each country. These key intervention areas were defined as;

- Fragile and Conflict Affected States
- Agriculture and Agri-Business
- Financial Inclusion
- Inclusive business (inclusive growth)

Out of these key intervention areas, we were able to identify client companies within each country that suit the criteria set for these areas. Following this, we made adjustments to our mandate to be better suited to the 213 enterprises that we had acquired in 2013 so as to ensure that we play a more active role in the growth and sustainability aspects of each enterprise. The following objectives were added to our mandate:

- 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.



To this effect, we identified 213 enterprises in the year 2013. The enterprises we identified had presence within 16 countries, with the largest concentration of our operations in Zambia (38 enterprises), followed by South Africa with 31 enterprises and Kenya with 30 clients.

These enterprises had presence within 12 industries within their countries of incorporation. These industries included finance, insurance, professional services, investment vehicles, agriculture and tourism within Africa. Initially our largest industrial influence was in finance and insurance with 23% presence followed by professional and technical services at 12%. At the turn of the year 2014, we maintained the size of our client portfolio but condensed our industrial exposure to 10 industries. In doing so, we were able to allocate additional resources to our industrial exposure. Consequently, we allocated an additional 2% to the finance and insurance sector which still remained our largest sector influence. In keeping with our key intervention areas, we allocated our efforts within agriculture and agri-business to make up 9% of our industrial exposure and kept this level of exposure within this industry within the year 2014.

In the course of 2015, our client portfolio consisted of 187 enterprises within 16 country operations. The reduction within our client portfolio was as a result of the setbacks we faced in the approval of ATMS V Project Cycle during 2013 and 2014. This significantly hindered our ability to carry out business development efforts within our country operations. In addition, we implemented significant structural changes within our organization to improve efficiency and effectiveness of our operations. These changes impacted our ability to increase the pace at which we built our client portfolio through new business development initiatives. Despite these setbacks and reduction within our client portfolio, we were able to ensure that we still had sufficiently diversified industrial exposure within 10 industries, with FMCG being our largest exposure.

In 2016, our client portfolio consisted of 157 enterprises within 17 country operations. This represented a significant decrease within our client portfolio of 16%. The reduction was in part due to knock-on effects of the delay in the approval of funding of the ATMS V Project which originated in the year 2013. In light of this delay, there was a need to adjust our operations and we had to make significant changes to our organizational structure. This was also coupled with the challenges we faced in negotiating shorter term contracts within our clients, and in balancing this with the need to ensure that AMSCO met its mandate in ensuring impact within our key intervention areas.

With the ATMS V Project cycle in its final year in the year 2017, our focus was centered on finalizing all projects we had in operation. As such, within this period we also went through a phase of restructuring within AMSCO to be in line with the funding available for the year.

As such, we saw a significant decrease within our client portfolio from 157 to 117 clients. It is also worth noting that within this period, we did not receive sufficient reports from our clients coupled with internal staff constraints to effectively collect and collate client data. This also significantly contributed to the reduction in the clients we could identify within our portfolio.

CLIENT PORTFOLIO PRESENCE WITHIN AFRICA

In the year 2013, our client portfolio consisted of enterprises incorporated in 16 countries within Africa. Our 2013 portfolio was focused on countries that contributed over 71% of the aggregate Gross National Product of the Sub-Saharan region in Africa. Within our 2013 portfolio, Zambian enterprises formed the majority of the portfolio at 38 enterprises out of the 213 enterprises within our portfolio, followed by South Africa with 31 enterprises and Kenya with 30 clients.

In the following year, 2014, our client portfolio country exposure increased by 25% to 20 countries with the addition of enterprises within Malawi, Togo, Namibia and Chad. Of the year's 213 enterprise client portfolio, Kenya comprised the majority at 35 enterprises, followed by Zambia with 33 enterprises and South Africa with 31 enterprises.

In keeping with our focus on enterprises within counties with the most significant impact we prioritized countries in which we had realized results and impact. In addition, due to the delays in the conclusion of country agreements within which we operate, there was a 25% decrease in our country exposure to 16 countries in the year 2015. These circumstances, amongst others, led to us discontinuing client acquisition in Angola, Botswana, Uganda, Namibia and Chad.

By the 2016 year-end, we were able to resume client engagement in countries that we had previously not been active in during 2015; namely Botswana and Chad. In doing so, we increased our country exposure to 18.

In the 2017 year of operations, which also coincided with the finalization of the ATMS V Project cycle, saw AMSCO going through significant restructuring. This saw a decrease in staff available to continue providing service to our client portfolio in each country. Whilst our presence in Africa has not decreased from the 2016 year of operations, we experienced difficulties in maintaining our records of clients in some countries and it is within these areas that data has not been available nor collected.

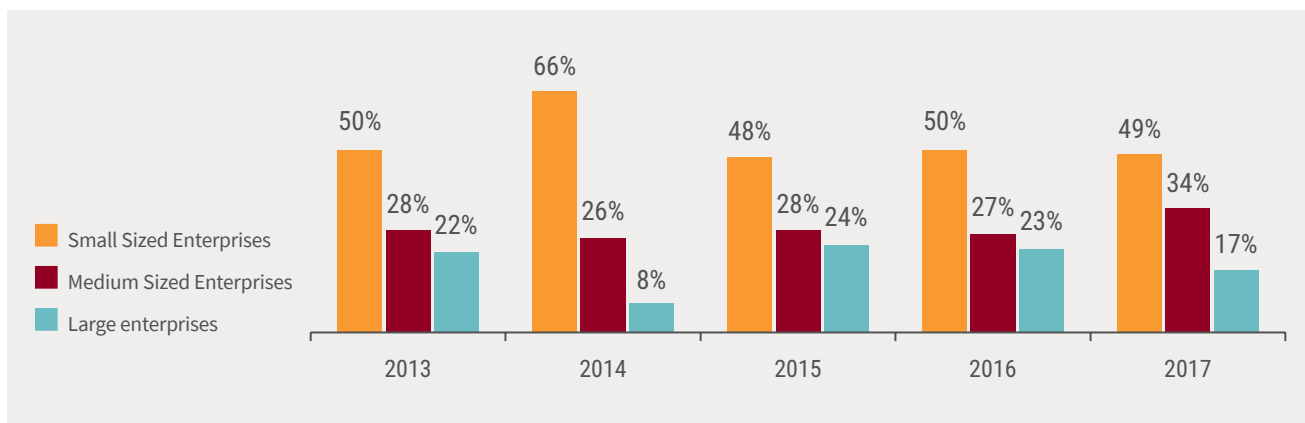
We remain dedicated to maintaining our presence in the African continent and hope that in the years to come will be able to be sufficiently staffed to maintain and expand our presence.

COUNTRY	2013	2014	2015	2016	2017
Zambia	Presence	Presence	Presence	Presence	Presence
Nigeria	Presence	Presence	Presence	Presence	Presence
Kenya	Presence	Presence	Presence	Presence	Presence
Tanzania	Presence	Presence	Presence	Presence	Presence
Ghana	Presence	Presence	Presence	Presence	Presence
Cameroon	Presence	Presence	Presence	Presence	Presence
Malawi	No presence	Presence	Presence	Presence	Presence
Cote d'Ivoire	Presence	Presence	Presence	Presence	Presence
South Africa	Presence	Presence	Presence	Presence	Presence
Mozambique	Presence	Presence	Presence	Presence	Presence
Senegal	Presence	Presence	Presence	Presence	Presence
Togo	No presence	Presence	No presence	Data not available	Data not available
DRC*	Presence	Presence	Presence	Presence	Presence
Mali	Presence	Presence	Presence	Presence	Data not available
Gabon	Presence	Presence	Presence	Presence	Data not available
Swaziland	No presence	No presence	Presence	Presence	Presence
Angola	Presence	Presence	No presence	No presence	No presence
Botswana	Presence	Presence	Presence	Presence	Presence
Uganda	Presence	Presence	No presence	Presence	Presence
Namibia	No presence	Presence	No presence	Presence	Presence
Chad	No presence	Presence	No presence	Presence	Presence
TOTAL COUNTRY EXPOSURE	16	20	16	17	18

■ Presence within country
■ No presence within country
■ Data not available

* Democratic Republic of Congo

OUR CLIENTS BY SIZE



Our client portfolio since 2013 has comprised of clients of varying sizes. Our focus since then has been to be at the grassroots of development within the African economy. We took on this view as entrepreneurship has become the backbone of the African economy, with majority of its impact being on the ordinary African citizen. Our commitment to our view is reflected in our client portfolio composition which has consistently comprised of Small to Medium enterprises within the majority. In 2013, SMEs formed 78% of our client portfolio. This composition is inclusive of purely medium sized enterprises. This has continued to show within our portfolio in the years following 2013 with 92% of our 2014 portfolio invested in SMEs, 76% within the 2015 year and 77% within the 2016 year. Despite the ATMS project being in its final year of the cycle, the SME sector had a significantly larger presence within our portfolio at 83% which was largely due to our increased focus on medium sized enterprises which rose from 27% of the portfolio to 34% in the 2017 year of operations.

Our second largest group of clients fell within the medium sized enterprises category. This trend is common during the entire period of operation of ATMS V. In 2013, medium sized enterprises formed 28% of the portfolio. In the year 2014, our support for medium enterprises formed 26% of the total portfolio, rising to 28% in 2015, 27% in the 2016 year and 34% in the 2017 year of operations.

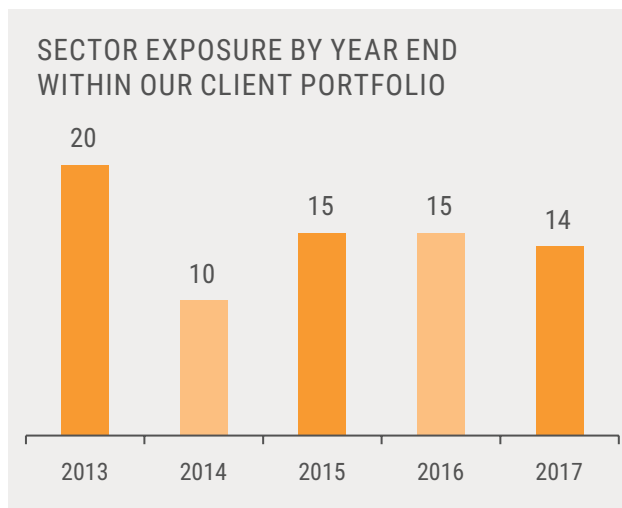
Keeping in line with our objective to increase the number of SMEs assisted through our operations, we have consistently maintained large enterprises within the minority in our client portfolio. In 2013 large enterprises formed 22% of our portfolio which reduced to 8% in 2014 as a result of the shifts within our mandate outlined above. In the 2015 and 2016 years of operation, large enterprises comprised 24% and 23% of our portfolio respectively. The 2017 year of operations saw a further decrease in our exposure to large companies from 23% to 17%. This was due to the project cycle finalization as well as increases in the medium sized enterprises we had in our client portfolio.

OUR CLIENT PORTFOLIO AND INDUSTRY EXPOSURE

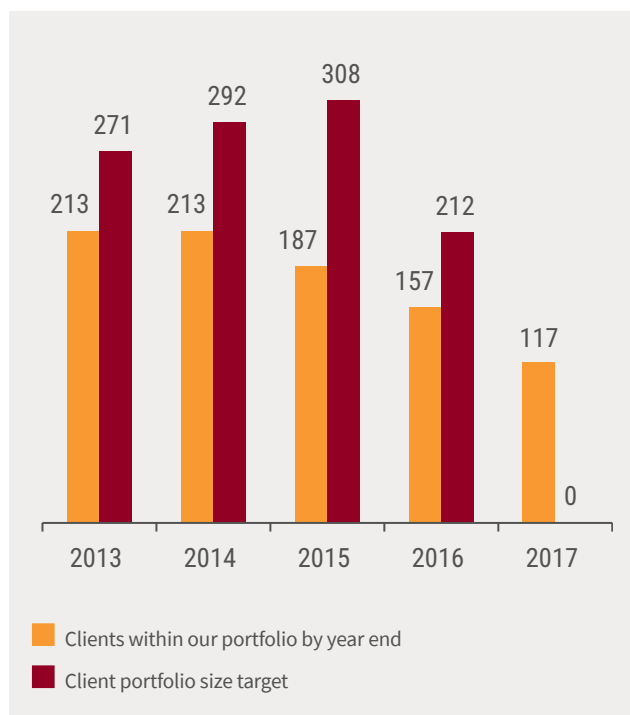
We pride ourselves in building a client portfolio that is widely diversified. The diversification within our portfolios has allowed us to influence African country economies in almost all the industrial sectors that exist at present. Since 2013 we have been able to impact both product and service-based industries. In doing so, we have impacted organizations in almost all phases of the supply chain from raw materials, processing, final product development as well as impacting the development of skills within the service sector to complement the products of the supply chain. These industrial sectors include;

- Finance and Insurance
- Professional and technical services
- Investment vehicles
- Agriculture and Forestry
- Accommodation and Tourism services
- Industrial and Consumer products
- Healthcare
- Food and beverages
- Information services
- Wholesale and Retail trade
- Transportation and Warehousing
- Education services
- Utility services
- Chemicals
- Construction and Real Estate
- Plastics and Rubber
- Primary Metals
- Textiles, Apparel and Leather
- Oil, Gas and Mining
- Non-metallic mineral product manufacture

In the 2013 year of operations, we had impact through our clients in a total of 20 industrial sectors. Following 2013, we condensed our industrial sector exposure to focus on the sectors which had the potential to have the greatest impact in line with our mandate objectives. In addition, the delays in approval of the ATMS project in 2013 meant that we had to focus on enterprises with the most potential for impact. To achieve this, we filtered our client portfolio to include such enterprises and in doing so the number of industrial sectors we were exposed to, reduced by 50% in the 2014 year of operations. Between the 2015 and 2016 years of operation we managed to increase our industrial sector exposure to 15, decreasing to 14 in the 2017 year of operations despite the significant reduction in the size of client portfolio. The three sectors of Financial services, Professional services and Agriculture continued to dominate our industry exposure in 2016, accounting for 65% of our client portfolio.



CLIENT PORTFOLIO COMPOSITION AGAINST OUR TARGETS



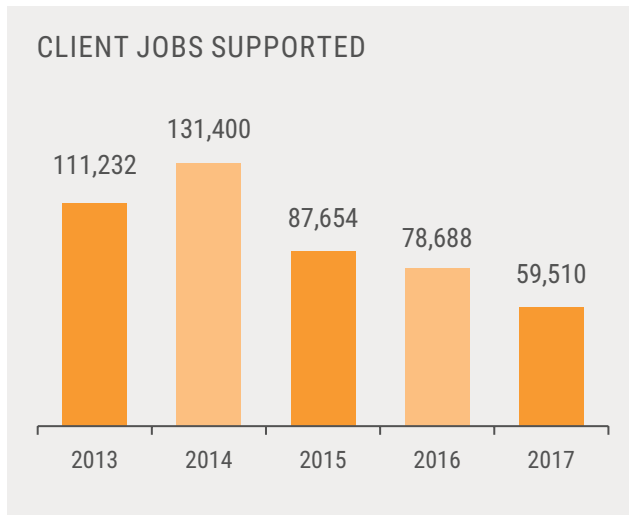
In the year 2013 we set our client portfolio target at 271 enterprises. We were able to obtain 213 enterprises within our portfolio which represented 79% of our target. At the beginning of the year 2013, we experienced delays in the approval of the ATMS project which had significant impact on signing up new clients within our portfolio. This effect, as detailed earlier, was coupled with our revised strategy within AMSCO which saw us terminating long term contracts in favour of short term contracts to ensure that we achieved our mandate in a cost-effective manner.

Consequently, we fell short of our targets in the years following this, achieving 73% of our target in 2014, 61% in 2015 and 74% of our client portfolio in 2016.

In the 2017 year of operations, we experienced a significant decrease in our client portfolio to 117 clients. The reduction was as a result of the finalization of the ATMS Project cycle which was imminent. As such, we did not pursue active new business development initiatives to add more clients to our portfolio. In addition, due to the restructuring within our organization we significantly reduced the staff compliment servicing our client portfolio which also led to this reduction. It is also worth noting that during the 2017 reporting period, we could not accurately report on our portfolio data as staff necessary to carry out this exercise was no longer available which significantly compromised our reported data.

FOCUS ON:

CLIENT EMPLOYMENT GROWTH



A substantial part of our mandate is focused on increasing the number of local skilled employees as well as to enhance employment creation and sustainability. In ensuring that we achieve these objectives, we have contributed to the growth of our client portfolio enterprises and in doing so, we have been instrumental in job creation and growth in each enterprise. Pursuant to this objective, we have contributed in reducing the impact of poverty on African communities by ensuring a source of income for the employees within the enterprises we support.

In 2013, we supported the employment of 111,232 people through 213 enterprises, an increase of 33% from 2012. Our impact was most effective in South Africa which contributed to 27% of the jobs supported, followed by Kenya at 24% and Zambia at 14%. Agriculture and forestry, which is one of our key intervention areas, provided 27% of jobs supported as nearly two thirds of the African population depends on agriculture as a source of income.

Our impact in job creation and employment support peaked to 131,400 jobs in 2014, an increase of 18% from the 2013 year of operations. This was despite clients within our portfolio remaining unchanged. The increase was brought about by improvements in operations within enterprises which saw growth in employment within 2014. In continuing to concentrate our efforts on one of our key intervention areas, 34% of the jobs supported in 2014 were concentrated within the agriculture and forestry industry. This was brought about by growing commercialization within the industry which saw an increase in cash crop production. The impact of this was highlighted further as our client portfolio was exposed to just 7.5% within the industry, yet the impact on job creation within the sector was unparalleled by any other industry sector we had exposure to.

Our impact was most effective in South Africa which contributed to 33% of the jobs supported, followed by Zambia at 16%, Nigeria at 15% and Kenya at 12%. These countries have been the most to benefit from the commercialization of agriculture and forestry as agriculture forms a significant component of each country's Gross Domestic Product. In addition, these countries had more of our clients situated within them than other countries.

In the following year, 2015, the number of jobs supported through our clients reduced by 33% to 87,654 jobs. The reduction in jobs supported was mostly in line with the reduction in the client base from 213 in 2014 to 187 in 2015 which significantly reduced our ability to impact job creation and employment support within our enterprises. Despite these challenges, we were able to ensure growth in jobs supported within the existing client portfolio with SMEs achieving on average 12.5% in employee growth, medium enterprise employees growing at 46% and large companies growing their employee base by 45%. In addition, agriculture and forestry constituted 27% of the jobs supported. Whilst this represents a decrease in the jobs supported within this industry from 34% in 2014 when this sector represented 7.5% of our client portfolio, the decrease is in line with the decrease in the exposure AMSCO had in enterprises within this field at 7%.

In the following year (2016) we were able to support 78,688 jobs through our client portfolio of 157 enterprises. This represented a decrease in jobs supported of 10.2% from 2015. The decrease was brought about by various factors, amongst them a reduction in our client portfolio from 172 clients reporting to AMSCO in 2015 to 157 clients in 2016. Despite this, our client portfolio was able to realize growth in employment of 72%, with small enterprises realizing growth of 192%, whilst medium sized enterprises realized 146% employment growth as a result of AMSCO's intervention. The 2017 year of operations saw a decrease in our client portfolio from 157 clients to 102 clients due to the winding up of the project cycle. This also led to the reduction in the level of employment we could support through our clients.

Jobs created and supported within the agriculture and forestry sector constituted 36% of the jobs supported in 2016 with clients within this sector representing only 7% of the portfolio mix. To date, this sector continues to outperform other sectors in its ability to provide employment to Africans.

Our continued support for the agriculture and forestry industry remains as we recognize the significance of this sector within the African context as majority of Africans depend on agriculture for their livelihood. In continuing to foster this sector, we believe that we are making direct impact in reducing poverty as well as upskilling the labour force within this industry as per our mandate.

FOCUS ON:

CLIENT PERFORMANCE: REVENUE AND PROFIT

AN OVERVIEW

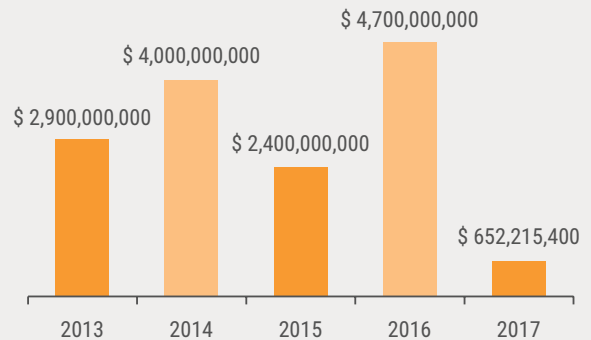
Revenue

In the year 2013, our client portfolio made up of 213 enterprises, realized revenue of US \$2.9 billion. Of the industrial sector exposure we had in this year, the finance and insurance sector reported the highest revenue which constituted 43% of the total revenue. This was due to the concentration of our client portfolio within this sector.

In 2014, client portfolio revenue increased by 38% from prior year to US \$4 billion. This increase is substantial as the number of enterprises we had within our portfolio remained the same from 2013. In addition our sector exposure to the top performing industry remained relatively stable at 25% compared to 23% in the 2013 year of operations. We believe that this was as a result of the diligent work of our teams within each country in providing support to each of our enterprises in our portfolio.

In 2015, our client portfolio revenue reported was US \$2.4 billion. This represented a decrease of US \$1.6 billion in client revenue from prior year. This decrease was brought about by the decrease in the enterprises that reported to AMSCO from 121 in the 2014 year to just 95 enterprises in the 2015 year of operations. This significantly skewed our analysis, thus the reduction in client revenue. In addition, we experienced a decrease in the size of our client portfolio from 213 enterprises in 2014 to 187 in the 2015 financial year. There are other reasons for this decrease which have been detailed in an earlier section of this report on our client portfolio.

CLIENT REVENUE GENERATED BY YEAR-END



In the year 2016, our client portfolio generated revenue of US \$4.7 billion, an increase of US \$2.3 billion from the 2015 year of operations. This revenue was realized despite the decrease in our client portfolio. This also represented an increase of 95.8% from 2015 whilst our client portfolio decreased by 16%. We believe that this was as a result of AMSCO realizing the benefits of our efforts from the 2015 year of operations.

The year 2017 was the final year of the ATMSV Project which saw our organization going through the finalization of all projects we had undertaken during the project cycle. During this period, most of the AMSCO Managers' contracts came to an end and AMSCO also underwent major organisational changes as it transitioned to a new business model post 2017. These factors resulted in challenges of data collection across most markets, which ultimately impacted on the client reported revenues and other metrics.

A CLOSER LOOK AT REVENUE AND PROFIT GROWTH

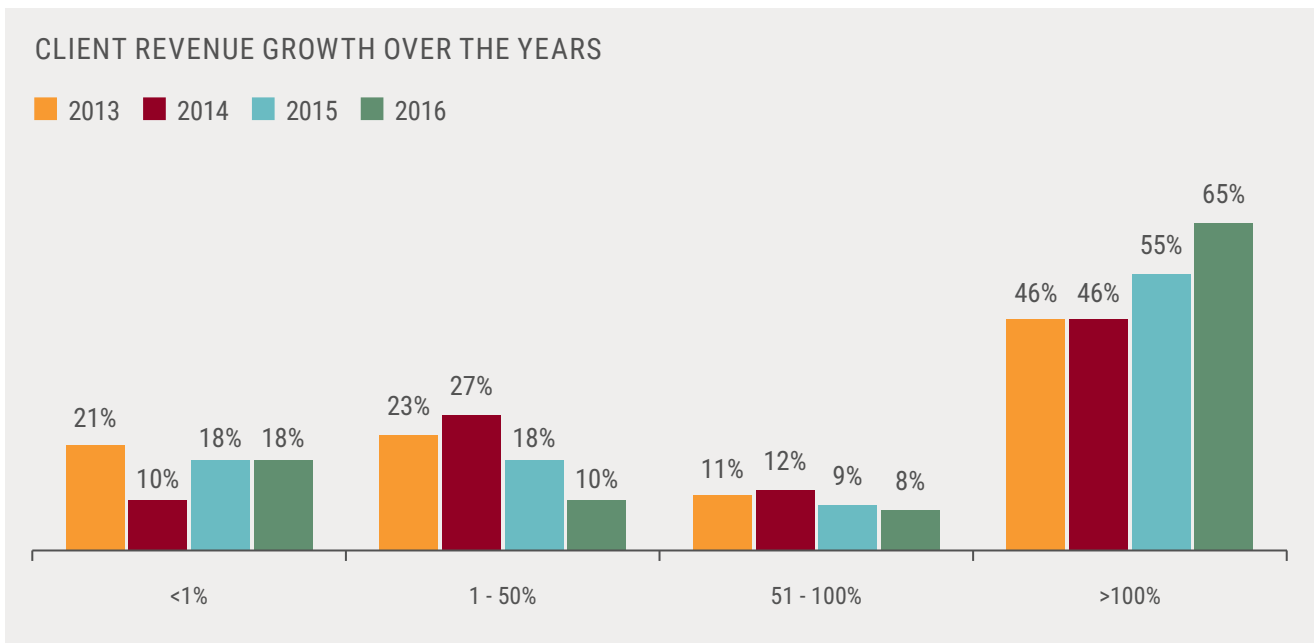
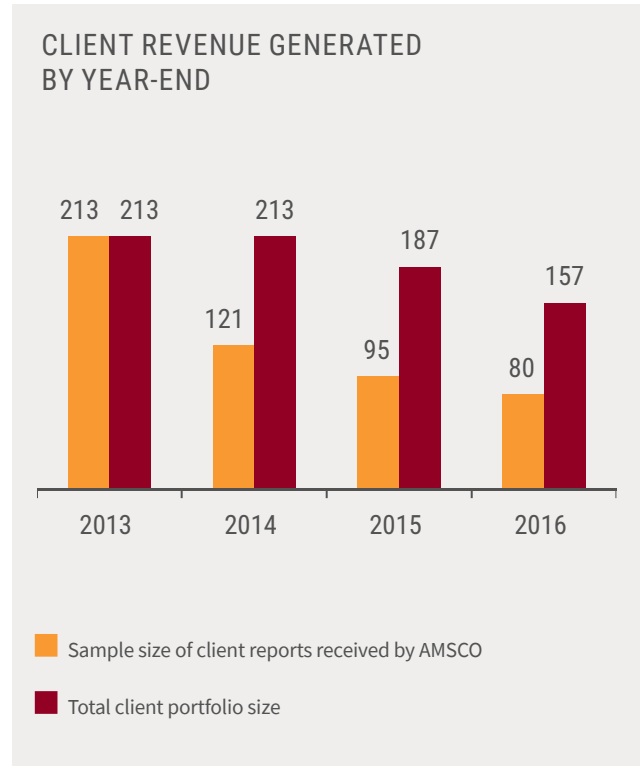
Data methodology

In each year, we selected a sample of enterprises from which we analysed their revenue and profit growth. Each enterprise was classified as either small, medium or large in size. Revenue and profit growth rates were divided into four categories (less than 1% growth, between 1% and 50% growth, 51% to 100% and growth greater than 100%). The sample for the data used in each year is based on the enterprises that reported to AMSCO

at year end. This analysis was carried out for the years 2013 to 2016 only. The 2017 year of operations was not included in this analysis due to a lack of sufficient data as a result of the winding up of the project cycle as well internal staff constraints across our offices to gather sufficient data required for this analysis in this year.

Insight on Revenue Growth

The graph above represents the size of the client samples used in this analysis in each year. The sample is constructed from the number of clients that reported to AMSCO within each year. In addition, this graph is a comparison of the client sample against the total size of our portfolio in each year. During the 2013 year of operations, 100% of client portfolio reported on their revenue and net profit figures to AMSCO, however the ratio of client portfolio that submitted financial performance data to AMSCO declined to 57% in 2014 and 51% for both 2015 and 2016.

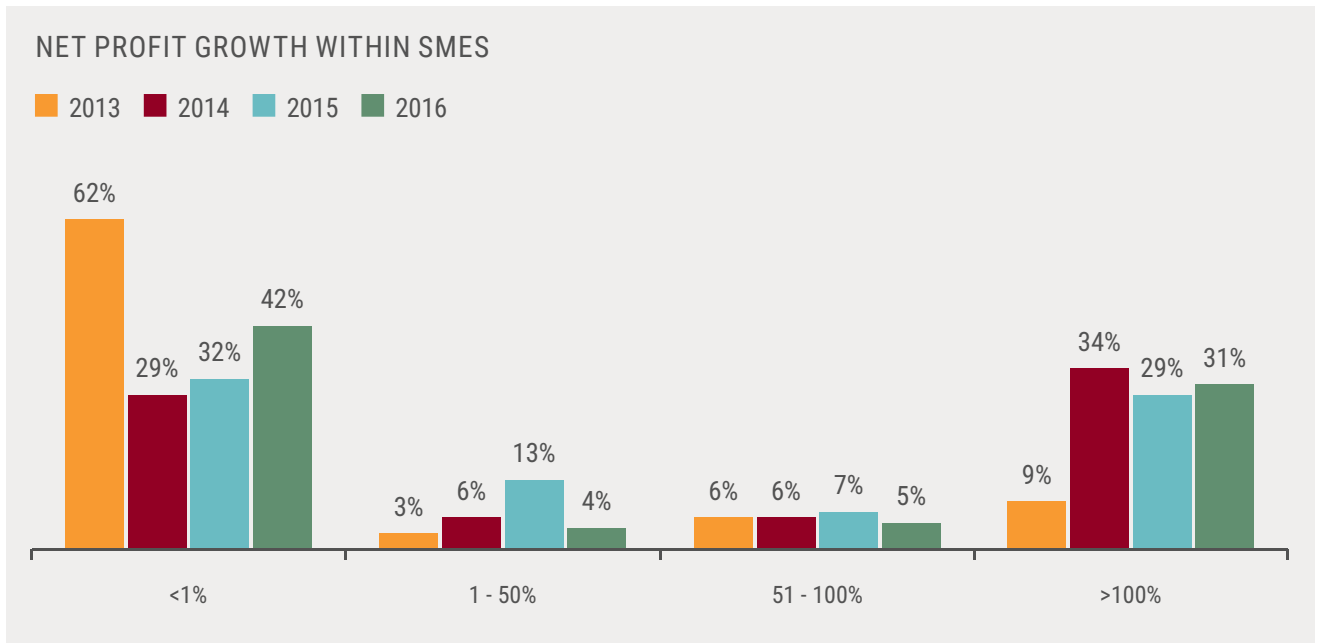


The graph above represents the percentage of clients within our portfolio that achieved growth within four different growth ranges.

Over the operational years from 2013 to 2016, more than 50% of our client portfolio, achieved a growth rate above 100%. This remarkable achievement is attributed to aggressive growth strategies implemented by the AMSCO Managers seconded to these clients. It is also a reflection that, with the right skills' sets, African enterprises have the capacity to grow exponentially and contribute meaningfully to the national fiscus.

During the project period, an average of 30% of the client portfolio registered annual revenue growth of between 1 and 100% while less than 17% of the client portfolio registered annual growth of less than 1%.

PROFIT GROWTH: FOCUS ON SMALL TO MEDIUM ENTERPRISES



There was a dramatic growth in the ratio of SMEs with net profit growth greater than 100% over the project cycle, while there was decline in ratio of SME with net profit growth less than 1%. This positive net profit growth over the project cycle reflects the positive impact on SME performance by the AMSCO Managers. For example the above graph reflects that in 2013, 62% of the SMEs within our sampled portfolio realized net profit growth less than 1%. This was significantly reduced in 2014 through our intervention and the efforts of the enterprises themselves to 29%. Whilst we have experienced increases in the years 2015 and 2016 as compared to the 2014 baseline, the percentage of SMEs with less than 1% growth is below the initial 2013 baseline in net profit growth. With more SMEs breaking away from such low returns, there have been increases in the percentage of SMEs with higher net profit growth rates. In addition, the percentage of SMEs achieving more than 100% growth in net profits increased and peaked in 2014 from 9% to 34%.

In summary, AMSCO has successfully achieved one of its objectives of increasing revenue and profits within its client portfolio despite the challenges that we have faced as an organization between 2013 and 2016. Additionally, AMSCO has also managed to fulfill its mandate in ensuring the growth and sustainability of SMEs. This has been detailed in the shifting of SMEs within the client portfolio from low growth in revenue and profits to ensuring that more SMEs reach revenue and profit growth in excess of 100% between 2013 and 2016. The sustained efforts and dedication in implementing AMSCO's intervention, coupled with the efforts of management within these vibrant SMEs has been a testament to the synergies that were harnessed between SMEs and AMSCO.

FOCUS ON:

TAXES PAID TO AFRICAN GOVERNMENTS

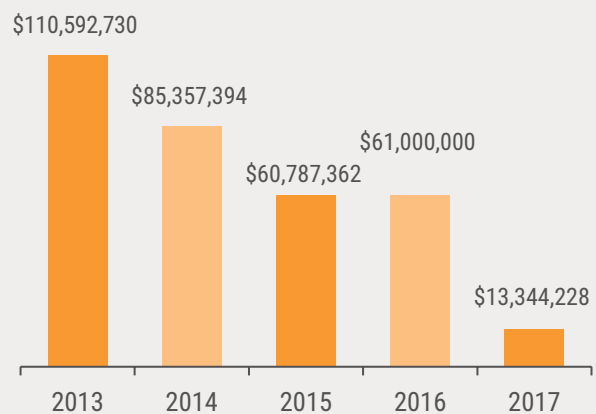
Since 2013, our client portfolio has contributed approximately US \$331,081,714 in taxes to the Africa governments. Our contribution to the expansion and profitability of our client portfolio presented a unique opportunity to be actively involved in contributing to tax revenues in countries of incorporation of our clients. In addition, through fostering growth within our client portfolio we have aided African governments with the funds they need to contribute towards development, relief of poverty and the delivery of public services.

In the year 2013, our clients contributed US \$110,592,730 in taxes to African governments, an increase of 5.4% from the taxes contributed in the 2012 year of operations. The largest contributing industrial sector was the finance and insurance sector, in line with our industry exposure in that year. Our largest contribution was to the Namibian governments from large enterprises such as FNB Namibia within the country. The second largest contribution in taxes was from South Africa with a contribution of US \$17, 5 million. Large enterprises contributed the highest proportion of taxes generated from our client portfolio, followed by medium-sized enterprises.

Following this, 2014 saw a decrease in the taxes paid to African governments of approximately US \$25.2 million to US \$85.3 million. This was due to the discontinuation of AMSCO manager placement to Namibia which had previously reported the highest tax contribution in the year 2013. Despite this, the largest contribution to the total taxes paid to African governments was from large companies at 73%, with one company in Botswana contributing over a quarter of the total taxes contributed in 2014 at US \$24.9 million. Medium sized companies had the second largest contribution at 20%.

In the year 2015, there was a decrease in the tax contribution made by our client portfolio of approximately US \$24.5 million to US \$60.8 million. This was due to the reduction in our client portfolio from 213 clients to just 187 in 2015 due to reasons outlined in our client portfolio section. In this year, the Southern African region made the largest contribution with South Africa and Botswana leading the region. As in previous years, large companies were in the lead, contributing majority of the taxes followed by medium sized companies.

TAXES PAID TO AFRICAN GOVERNMENTS BY OUR CLIENT PORTFOLIO



In the year 2016, we experienced a slight increase in the taxes contributed despite the decrease in our client portfolio. The finance and insurance sector was the largest contributor at 39% of total portfolio taxes contributed. In following with the trend from previous years, large companies made the largest contribution of 69% to total portfolio taxes, followed by medium sized companies. Although our portfolio has consistently had a large proportion of small sized enterprises, they do not generate as much revenue as the medium sized or large ones which has led to the group being the lowest contributor to taxes paid by the portfolio as a whole. As reported in 2014 and 2015, the Southern African region remained the largest contributor to taxes paid in the 2016 year with Zambia and South Africa making the largest contributions to the portfolio

In the 2017 year of operations, taxes contributed to governments were US \$13.3 million, a significant decrease from 2016. This was due to several reasons, amongst them the winding up of the project cycle which saw a reduction in our client portfolio from 157 in 2016 to 102 in 2017. In addition, restructuring detailed earlier in this report constrained AMSCO's offices to carry out comprehensive data gathering process to more accurately reflect the total taxes paid by client companies within this year.

FOCUS ON:

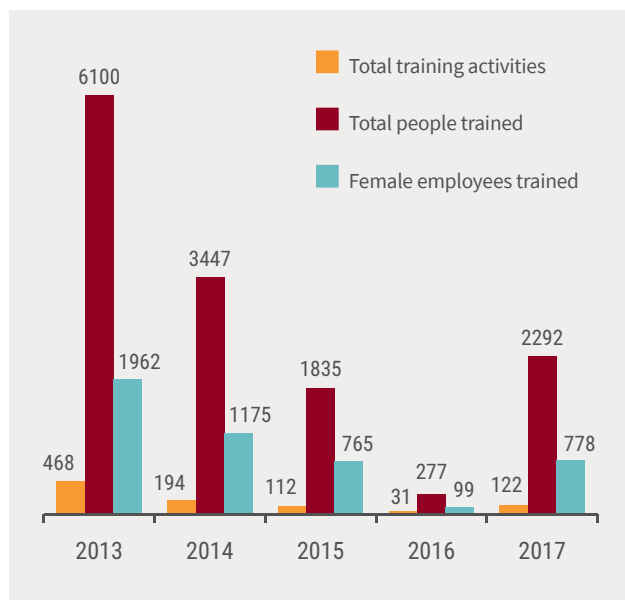
TRAINING AND SKILLS DEVELOPMENT

AMSCO is aware of the skills shortage within the African continent and has embarked on a mission to address these shortages through the formulation and implementation of training activities to close the skills gap. In doing so, we have been able to address low productivity within our client firms and consequently have been able to significantly reduce the costs associated with productivity inefficiencies. AMSCO designed bespoke training programmes for different management levels, including company-specific training as well as industry related training. In addressing the skills gaps within the African enterprises, we have been able to deliver targeted and cost-effective training to ensure that our desired outcome for growth within African enterprises is achieved. In addition, the implementation of our training programmes has contributed towards the attainment of inclusive and equitable quality education in promotion of lifelong learning opportunities for all, which is a United Nations Sustainable Development Goal.

Our talent development programmes are designed on two principles, namely Focused programmes which are tailored for individuals from different organizations with similar needs and company specific programmes which are designed to address the specific needs of an enterprise. In addition, the development of industry and sector specific training is implemented in cases where we identify skills gaps within a specific industry. We offer our training in three languages namely English, French and Portuguese.

Our training programmes are designed to cover the following areas;

- Leadership and management development
- Strategy execution
- Change Management
- Sales Training
- Finance
- Corporate Governance
- Customer Service
- SME lending process
- Mentoring and Counselling
- Health, Safety and Security



Since 2013 we have succeeded in the implementation of a total of 927 training activities across the African continent. In doing so, we have provided opportunities to 13,951 people to enhance their skills as well as contribute towards the advancement of the companies in which they are employed.

Despite the winding up of the ATMS V project cycle in the 2017 year of operations, we were able to provide training to 2,292 people, 64% of these within the East African region. Mozambique was second in the impact of our training activities according to the data reported with 748 people being trained within the 2017 year of operations. It is worth noting that due to constraints on our operational capacity discussed earlier in the report we not able to collect and review all data from our offices which has led to information gaps on training activities and other areas.

We remain dedicated to the empowerment of women in the African continent and to date we have provided training to 4,779 women employed within our client organizations since 2013. In doing so we have further enhanced our contribution to Sustainable Development Goal 4 in providing quality education and learning opportunities to women and girls.

It is important to note that changes in the ATMS Project since 2013 have resulted in fewer training activities and fewer people trained year-on-year. 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 since they are no longer subsidized.

FOCUS ON:

OUR FINANCIAL SUSTAINABILITY

STATEMENT OF COMPREHENSIVE INCOME FOR THE OPERATION YEARS 2013 - 2017

Statement of operations for period ended 31 December

	Notes	2013 USD	2014 USD	2015 USD	2016 USD	2017 USD	TOTAL USD
REVENUE							
Grant income	1	-	1,099,650	1,248,968	880,019	445,623	3,674,260
EXPENDITURE							
Administrative expenses	2	542,712	486,348	324,490	194,730	149,024	1,697,304
Training expenses reimbursed to clients	3	998,380	444,152	149,459	71,043	-	1,663,034
Management support to clients	4	1,087,063	394,456	59,803	19,365	-	1,560,687
Training execution fees to AMSCO	5	276,829	86,304	32,771	13,642	-	409,546
Funding for AMSCO projects	6	243,959	215,101	18,524	5,781	370,586	853,951
GOWE programme expenses	7	241,112	301,565	348,028	1,830	-	892,535
Technical assistance programmes	8	-	579,935	781,922	578,190	145,623	2,085,670
Zambia SME programme expenses		421,843	80	-	-	-	421,923
		3,811,898	2,507,941	1,714,997	884,581	665,233	9,584,650
Operating surplus/(deficit)		(3,811,898)	(1,408,291)	(466,029)	(4,562)	(219,610)	(5,910,390)
Finance income and expenditure		36,417	13,825	8,962	-	(34)	59,170
Exchange differences		1,661	(6,823)	(1,713)	6,068	3,911	3,104
Comprehensive income/expense		(3,773,820)	(1,401,289)	(458,780)	1,506	(215,734)	(5,848,117)

In the course of ATMS V, ATMS utilized US \$9.6 million towards implementation of the project which included programmes that were separately funded. During the same period ATMS received US \$1.5 million from International Finance Corporation (IFC) towards ATMS V project phase and US \$2.4 million from various donors and partners for programme related initiatives. At the close of ATMS IV, ATMS had funds of US \$7.7 million which was rolled over ATMS V for continued implementation of the project.

Funds amounting to US \$3.6 million (38%) were utilized to cover clients-related activities of training and management support. There was gradual decrease in activities towards the end of the project due to decline in client portfolio accessing funds owing to changes in strategy of AMSCO business model. In 2016 and 2017, no expenses were incurred.

Administrative expenses which include trustees meetings, remuneration of directors, administration fees, annual audits were US \$1.7 million (18%). Due to declining project activities, administrative expenses reduced to reflect the changes.

Funding for AMSCO projects included the cost of a strategy consultant and human capacity development initiatives especially in 2017 which were geared towards positioning AMSCO as leader in human capacity development. The expenses under the initiatives was US \$0.9 million (9%).

As part of its broader mandate, ATMS partnered with various donor agencies to implement technical assistance programmes. Some of the programmes were (a) Growth Oriented Women Enterprises (GOWE) in Kenya and Cameroon funded by AfDB and FAPA, (b) Zambia Business in Development Facility (ZBIDF) funded by Swedish International Development Agency (SIDA) (c) Zambia SME funded by AfDB among others. These programmes cost US \$3.4 million (35%) and were fully funded by respective owners of the programmes.

During the same period, interest of US \$59,000 was earned on cash balance held at the bank which was ploughed back to the project.

At completion of the project, ATMS had cash balance of US \$1.4 million and outstanding commitments and liabilities of US \$833,000.

DAS CASE STUDIES

We have expertise in many different sectors but here are some stories from across the continent that we are particularly proud of.

Client: La Fayette MFB
Location: Nigeria

La Fayette Microfinance Bank Ltd (LMFB) was incorporated in 2012 as a state Microfinance Bank focussing on the financially underserved MSME market in Western Nigeria's Oyo State.

Due to the dearth of skills in the micro-credit industry in Nigeria, AMSCO seconded 5 senior technical experts, including the MD, COO and CFO, to assist in setting up and managing the newly established entity. LMFB has grown significantly since commencing operations and has 8 branches within the state. The staff complement grew from 2 to 321, and the bank clientele grew from 0 to 25,962, with over US \$5 million portfolio loans within 4 years. Skills transfer has taken place leading to local staff succeeding 4 of the technical experts.



PROFESSIONAL
& TECHNICAL
SERVICES



FMCG



ICT



EDUCATION



FINANCIAL
INCLUSION



MANUFACTURING



GENDER

Client: DANMOZ
Location: Mozambique

DANMOZ is the primary buyer of all milk produced by smallholders through four dairy cooperatives established in Manica, Mozambique.

The cooperatives have 284 farmer members and each month DANMOZ introduces +/- US \$18,000 into the rural micro-economy – a total of over US \$216,000 per year and growing for Manica province. AMSCO contributed with the secondment of a General Manager and a Factory Manager.

Client: Women Business Improvement Training (WOBI)
Location: South Sudan

Enterprise development training for women entrepreneurs in Juba and Nimule to strengthen their entrepreneurial and business management skills and competencies, and ability to take advantage of existing trade opportunities to increase their income.

Working in consultation with South Sudan's Women Entrepreneurs Association (SSWEA), South Sudan Chamber of Women Entrepreneurs (CoWE) and TradeMark East Africa (TMEA), the team delivered customised interventions that resulted in 1,371 Women in Cross Border Trade and Women Entrepreneurs being trained and 230 follow ups and assessments completed. 19 SSWEA and CoWE board members and management teams were trained to strengthen their capacity to empower and effectively support their members.

Client: Advans Côte d'Ivoire
Location: Côte d'Ivoire

Advans Côte d'Ivoire (Advans CI) is the sixth microfinance institution to be established by international microfinance group Advans SA.

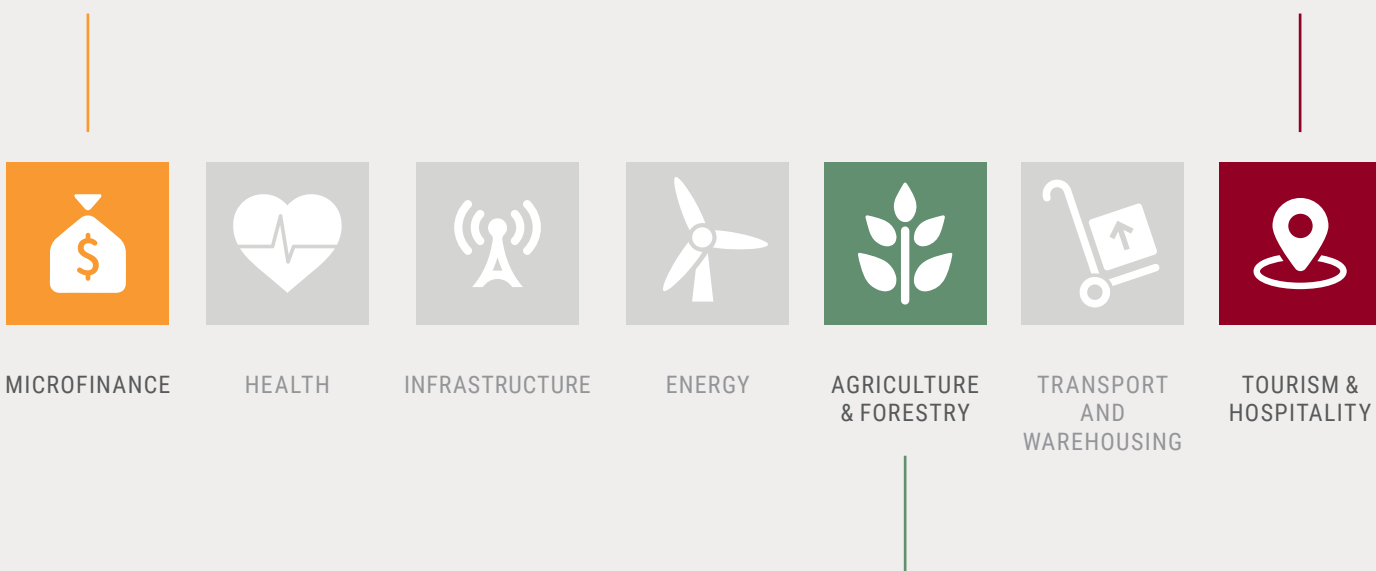
Advans CI officially opened its doors in March 2012, shortly after the Côte d'Ivoire 2010-2011 post-election crisis. To assist with the establishment of the company, AMSCO seconded three managers to Advans CI. These included a General Manager, Network Expansion Manager and SME Credit Project Manager. Just 22 months after the start of operations, Advans CI already served over 9,400 active clients for an outstanding loan portfolio of US \$8.7 million.

Client: Wilderness Safaris Namibia
Location: Namibia

Wilderness Safaris is a diversified safari and tour operator in Botswana which was founded in 1983.

The company has operated successfully for 21 years and has developed and built over 46 lodges throughout Southern Africa (Botswana, Malawi, Namibia, South Africa, Zambia, Zimbabwe and Seychelles). The Lodge hosts over 26 000 guests each year.

AMSCO's assistance has been sought in sourcing, recruiting and seconding a Group Standards and Training Manager for an initial period of three years to Wilderness Safaris Namibia.



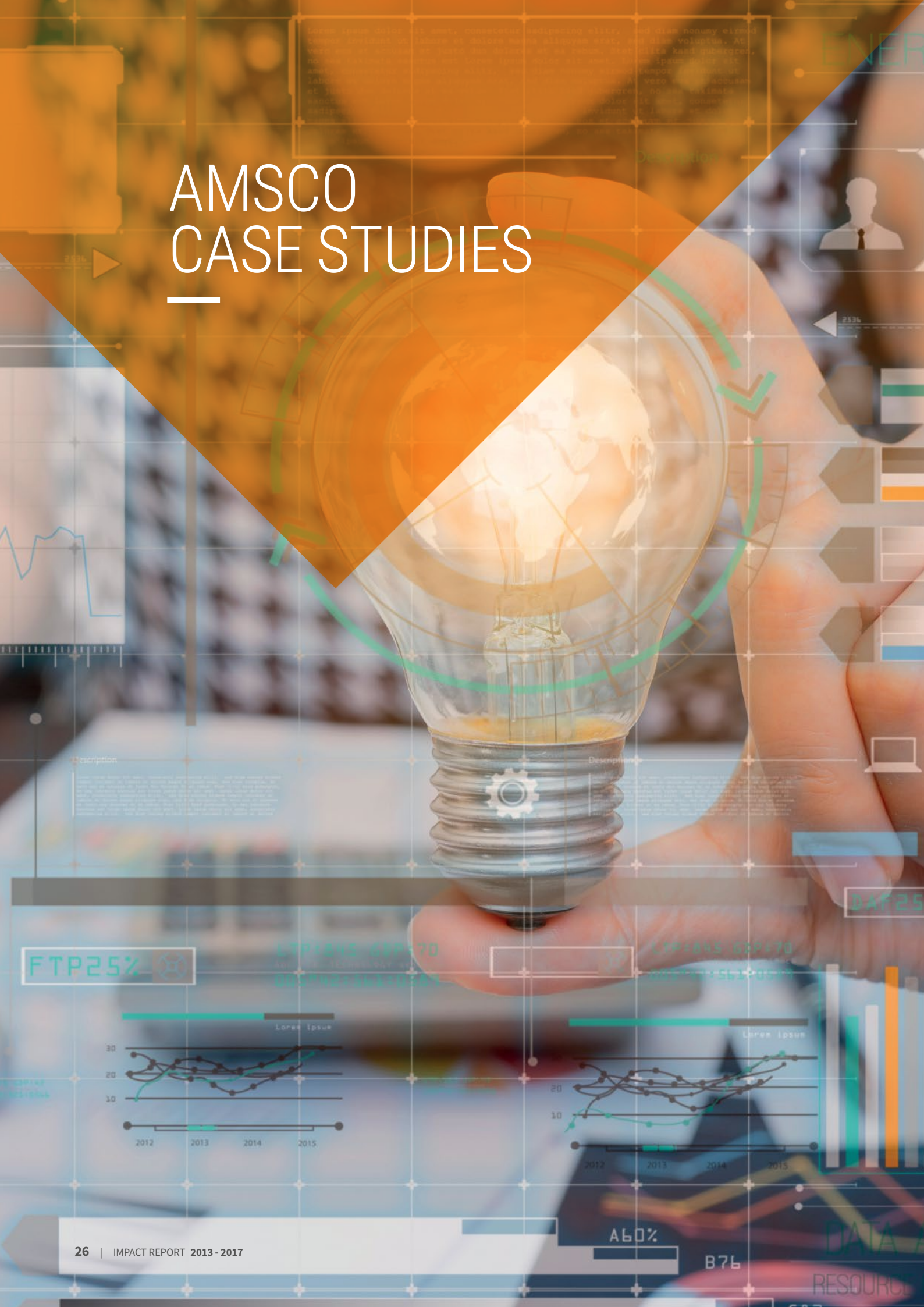
Agriculture is an increasingly significant part of AMSCO's portfolio and our continued support of this sector is driven by the knowledge that the potential for agriculture to drive inclusive economic growth, improve food security and create opportunities for millions of Africans is enormous.

Client: AFGRI Corporation Zambia
Location: Zambia

AFGRI Corporation Zambia is a leading provider of a wide range of inputs and services to farmers in Zambia. They are also the sole agent for John Deere tractors and other related agricultural equipment in Zambia.

Since 2007, AMSCO seconded senior experts in management, grain handling and trading, agri-finance and mechanization, who have added significant value to the business. In addition, AMSCO seconded 8 technicians in 2014 and recruited graduate technician interns who are undergoing intensive training in John Deere mechanics. AFGRI has invested in a training centre that offers a 5-year full certification programme to support this project. Among the many successions and promotions, by the end of 2016, the mechanisation department alone had produced 14 apprentices, and the Finance Manager was promoted to Chief Financial Officer and Company Secretary.

AMSCO CASE STUDIES

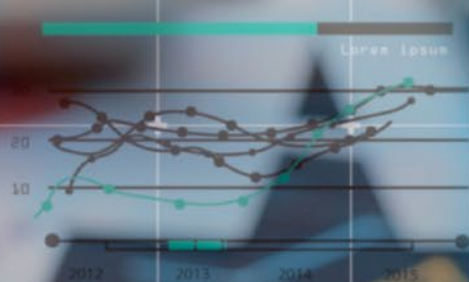


FTP25%



LTP1845 GDP:70
GDP:70+562+0301

LTP1845 GDP:70
GDP:70+562+0301



A60%

B76

DATA
RESOURCE

Client Highlights:

A LOOK AT LAPO MICROFINANCE BANK



THE SITUATION

- Lift Above Poverty Organisation (LAPO) was initially established as a non-profit entity by Mr Godwin Ehigiamusoe in 1987.
- In 2010, LAPO obtained the approval of the Central Bank of Nigeria (CBN) to operate as a regulated state microfinance bank, and was subsequently registered as a national microfinance bank (MfB) in 2012.
- LAPO MfB is now the largest, leading microfinance bank in Nigeria with over 2.7 million clients and 418 branches operating in 30 of the 36 Nigerian states.
- Approximately 80% (over 2.1 million) of LAPO MfB's clients are female.

OUR INVOLVEMENT

In 2010, LAPO MfB sought the services of AMSCO for the recruitment and secondment of the Chief Finance Officer (CFO) at a critical time when the institution was undergoing its transition into a regulated state microfinance bank. The mandate of the CFO was to provide leadership and ensure local capacity development within the Finance and Treasury departments of LAPO MfB through skills and capacity transfer.

The seconded CFO created strong networks and linkages with international donors and investors which significantly expanded the institution's activities in providing access to microfinance to Micro, Small and Medium Scale Enterprises (MSMEs) in Nigeria.

After devising and implementing a succession plan, the CFO trained and mentored local Nigerian talent and arranged for various training programmes for the local management team covering topics such as Credit Operations; Financial Management and Planning; and Management and Leadership. In addition, a local staff member took over the CFO's position as part of the local succession plan.



OUR IMPACT

- A smooth transition from an NGO to a regulated National MfB with the number of active branches increasing from 269 to 418.
- Strengthened capacity in both the Treasury and Finance department, with a local CFO successor as well as a locally staffed and fully developed management team.
- A Financial Department which now meets International Banking Standards (IBS) and complies with IBS associated reporting standards.
- Increased efficiency in managing financial resources with a disbursement of 124 billion Naira in 2016.
- Stronger relationships with international investors in the microfinance sector which has led to the exponential growth of LAPO MfB. The International Finance Corporation (IFC) concluded the largest investment in 2015 of 2 billion Naira, the company has concluded a loan agreement with the African Development Bank Group (AfDB) worth 2.3 billion Naira, and The Netherlands Development Finance Company (FMO) invested a loan equivalent of EUR 7.5 million for on-lending to micro and small enterprises.
- Most importantly, LAPO MfB has empowered over 2.1 million women entrepreneurs.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Client Highlights:

A LOOK AT SANERGY



Kenya | **SECTOR: Sanitation**

THE SITUATION

Inadequate and unhygienic sanitation is the second largest cause of disease in the world. It leads to contaminated waterways and food supplies as well as diseases like diarrhoea, caused by direct contact with human waste. Solving the sanitation crisis requires more than just building toilets. Sanergy, which was established in 2010, provides safe, sustainable access to sanitation in urban slums. Sanergy franchises Fresh Life Toilets to residents of informal settlements, then safely collects the waste and treats it by converting it into valuable agricultural inputs such as organic fertilizer and animal feed, using a process that conforms to the World Health Organisation guidelines for thermophilic composting. These products are then sold to local farmers.

To position itself as an expert in the sustainable sanitation sector, it was important for Sanergy to develop working relationships with the Kenyan government, but recognised that it did not have the expertise to do so. After a year of its establishment, Sanergy decided to develop the capacity of its team and build the company's credibility locally, and approached AMSCO to make use of its services.

OUR INVOLVEMENT

AMSCO's intervention at Sanergy began in July 2011 with the secondment of three managers: the Chief Executive Officer, the Chief Finance Officer and the Chief Marketing Officer whose overall deliverables were:

- Overseeing the expansion of Sanergy, managing local resources, and setting the overall strategy for the company.
- Raising capital, addressing accounting and legal issues, and building partnerships.
- Developing the franchise network for Sanergy's sanitation centres.

These managers have also developed succession plans and are currently grooming six local personnel as successors to manage the operations and external relations.



OUR IMPACT

Sanergy managed to collaborate with the local Kenyan government to develop pragmatic, progressive solutions to serve residents of informal settlements, which included providing advice on the new National and County sanitation policies. Furthermore, over the years, Sanergy has been able to achieve impressive impact including:

- Successfully launching 623 franchises to 295 local entrepreneurs in six informal settlements of Nairobi serving a population of 500 000 people.
- Each facility receives an average of 40-60 paying users each day, providing safe sanitation for 50 000 residents.
- In 2011 Sanergy had 100 employees and currently Sanergy's franchise network has created 250 direct jobs in the communities in which they operate.
- In 2011 Sanergy served 5 communities and today the company serves 8 communities.
- The company is able to safely remove 5 000 tons of waste from the communities it serves.
- Sanergy partners with 700 farmers who report an increase in crop yields of 30% or more from the use of the farming products.
- Sanergy's work has been featured in the Financial Times, CNN, BusinessWeek, The Guardian, The Nation, The Star and GOOD magazine. The company has also been recognized by Fast Company as one of the 10 Most Innovative Companies in Africa.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Client Highlights:

A LOOK AT UNITED FARMERS FUND (UFF)



South Africa | **SECTOR:** Agriculture

THE SITUATION

United Farmers Fund (UFF) is a leading specialist in agri-investment in Africa whose operations centre on sustainable agricultural investments. It is an agricultural fund advisor within the Old Mutual Investment Group. Through a partnership with Futuregrowth Asset Management, it combines commercial agri-investment to investors. By evaluating the commercial attractiveness of an investment — including social and environmental audits — UFF invests into farmland and infrastructure that is leased to approved operators to develop, manage and run as world-class, sustainable entities. UFF has a large footprint, with operations in Morocco, Nigeria, East Africa, Namibia, South Africa and Swaziland, and currently produce permanent crops, livestock, fresh produce, plantations, rice, row crops, edible oils and more. Its focus is to invest locally and internationally to create a mutual benefit for the investor, their workforce and the countries in which they operate.

Within the South African market, UFF has 6 farms that specialise in the production of citrus, table grapes, bananas, and deciduous and stone fruit.

After the establishment of the fund, UFF and Futuregrowth Asset Management approached AMSCO with the need for more experienced agri-business management to supplement the financial asset management skills that already existed within the firm, and to be able to better advise clients and potential investors on the risk-return profile of the agri-investments. Additionally, there was a need to establish new agri-investments and this required the expert advice of specialists within the agri-business to network and develop relationships with key stakeholders.

OUR INVOLVEMENT

AMSCO, through its vast expert networks and particular specialty within the agriculture sector in Africa, was able to source managers with the relevant experience and expertise. One of the managers, Theodore Bouland, has over 30 years of international experience in trading in agriculture, which has been crucial to the development of UFF's agri-investments as well as the management of farms under its various portfolios.



His deep understanding of the agricultural business, and his passion for building a legacy with the agriculture space in Africa, enables him to lead UFF in expanding its focus on a 'Farmer First' philosophy that ensures farmers benefit before operators and marketers.

OUR IMPACT

- Worker Empowerment: 6% of revenue invested in the implementation of comprehensive education, healthcare through Care Cross™ and housing programmes for farm workers.
- Increase in the number of farms under operation.
- Raised up to US \$400 million to invest in expansion of operations in Africa.
- Agribusiness Fund of the Year Award for UFF managed Futuregrowth Agri-Fund at the Africa Investor Agribusiness Investment Awards in 2011.
- Assessment and monitoring of all farms in compliance with the International Finance Corporation and UN Principles for Responsible Investment standards on environmental, social and governance standards which encompass standards set by:
 - The International Labour Organisation (ILO)
 - United Nations (UN)
 - World Health Organisation (WHO)
 - Food and Agricultural Organisation (FAO)
 - Local legislation
- Expansion of operations in South Africa, Nigeria, Morocco, Kenya, Namibia and Swaziland.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Client Highlights:

A LOOK AT LABORATOIRES BIOPHARMA SA



Cameroon | **SECTOR: Industrial and Consumer Products**

THE SITUATION

Les Laboratoires Biopharma SA (Biopharma) produces quality cosmetic products, ranging from skin lotions to baby shampoos, especially for ethnic hair and skin. It was founded in 2001 by local entrepreneur, Mr Francis Nana Djomou, and grew quickly during its early years.

With a vision to expand and penetrate multiple markets outside of Cameroon, the founding CEO recognised a gap in managerial and financial management skills within Biopharma.

OUR INVOLVEMENT

In 2007, Mr Djomou approached AMSCO to source, recruit and second the relevant expertise required for the business. AMSCO recruited a qualified expert, Boubakar Diarra, from Cote d'Ivoire. Mr Diarra was contracted as a technical expert seconded to Biopharma as Technical Director for three years with the aim of optimising production efficiency and product quality, skills transferal and staff training and development.

The founding CEO was highly satisfied with Mr Diarra's work which resulted in the AMSCO expert being offered a permanent position as Deputy Director at the end of the AMSCO engagement.



OUR IMPACT

- The company was breaking even and had an annual turnover of CFA 2.5 billion. As at December 2016, Biopharma had an annual turnover of CFA 12 billion and 435 employees.
- Biopharma is now one of the largest cosmetic companies with over 50 brands, three branches in Cameroon and two factories in Douala, as well as a presence and customer base across 25 African markets.
- Part of AMSCO's objectives were knowledge transfer and succession planning. The local production manager was coached by the AMSCO technical expert and has subsequently been promoted to Technical Director.
- Over the years, Biopharma has seen an increase in the number of women staff and currently a third of its employees are women.
- Biopharma prides itself on its fair employee compensation with the lowest salary being CFA 110 000 a month. Over the last 10 years, the company has almost tripled the employee tax paid to the government from CFA 1.2 million to CFA 3.5 million annually.
- Biopharma also contributes to the local economy by sourcing raw materials from small local independent suppliers.
- Currently the owner of Biopharma is diversifying into the food and beverages industry and intends to work with AMSCO in this new endeavour.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Client Highlights:

A LOOK AT THE EMBASSY OF FINLAND IN LUSAKA AND ITS PARTNERSHIP WITH THE SMALL SCALE IRRIGATION PROJECT (SSIP) IN THE MINISTRY OF AGRICULTURE



Zambia | **SECTOR:** Agribusiness

THE SITUATION

Irrigation plays a pivotal role in the Zambian agricultural sector as articulated in the National Agricultural Investment Plan (NAIP), the National Agricultural Policy (NAP) and the Revised National Development Plan (R-SNDP). It is against this background that the government of Zambia, through the Ministry of Agriculture and Livestock, has been establishing irrigation systems across the various provinces in Zambia. With support from various stakeholders, the government of Zambia commenced with the Small-Scale Irrigation Project (SSIP). SSIP strives to improve the livelihoods of farming communities in Zambia. The project received funding from the Embassy of Finland in Lusaka, Zambia and, in partnership with AMSCO, the Small Scale Irrigation Project (SIP) and the Ministry of Agriculture and Livestock, the project has formalised two farmer aggregator companies, the Manyonyo Irrigation Company Limited (MICL) near Mazabuka and the Nzenga Irrigation Company Limited (NICL) in Sinazongwe.

OUR INVOLVEMENT

The Finnish Embassy contracted AMSCO to strengthen the capacity of MICL and NICL to provide technical assistance to various aspects of the project pertaining to governance, management systems and processes and human resources. This resulted in AMSCO facilitating a training programme for the board, MICL and NICL staff and farmers.

A total of 142 farmers (MICL) and 100 farmers (NICL) were trained, enhancing their understanding of their roles as employees and shareholders of the company. The training also improved the farmers' knowledge in financial management which greatly assisted them in running their businesses and households.

AMSCO provided institutional management support to the governance systems of MICL and NICL by reviewing the organisational structure of each business, by providing advice on board composition, and developing a board charter to strengthen the capacity of the board. As a result, the board members took part in a Corporate Governance Programme which has resulted in the Board of Directors taking charge of the business. AMSCO also facilitated the recruitment of the General Managers, Irrigation Engineers, Agronomists and Finance Managers for MICL and NICL.



OUR IMPACT

- As a result of the project, the institutional capacities both at MICL and NICL were strengthened through the training of the established boards and management teams. MICL and NICL now have fully constituted boards that are already making decisions for the benefit of the shareholder farmers.
- Increased revenue of the companies through expanding the area under irrigated agriculture.
- By establishing the companies, the schemes at Manyonyo (MICL) have become linked to large commercial outgrower operators. Zambia Sugar has provided a market quota of 595 Ha and MICL has already sold 2 batches of sugarcane to them, putting them in the position to be able to soon declare a profit share to the farmers.
- MICL elected a female as the first board chairperson and developed six small-scale irrigation schemes in Mazabuka and Sinazongwe Districts for crop production.
- Increased income generating opportunities of the small scale farmers in the Mazabuka and Sinazongwe Districts.
- AMSCO introduced Vision Fund Zambia (MFI) and Madison Finance (SME Finance) to the farmers at MICL through a financial literacy programme. This is expected to open doors to access to finance.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)



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