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East Africa Country Outlook YTD August 2012

Country	Large	Medium	Small	Grand Total
Madagascar		1		1
Southern Sudan			2	2
Uganda		3	8	11
Tanzania	6	5	17	28
Kenya	6	10	40	56
Grand Total	12	19	67	98

Over the years, the East Africa region had a strong focus on Finance & Insurance sector with a current count of 31 clients, most of them from Kenya. Professional & Technical Services sector comes second with 13 clients. ICT and Agriculture & Forestry then follow with 8 clients respectively as per the sector diagram.

Portfolio by Sector

Finance & Insurance	31
Professional & Technical Services	13
Agriculture & Forestry	8
Information	8
Industrial & Consumer Goods	7
Health Care	7
Other (For Non-Profit)	5
Education Services	5
Investment Vehicle	4
Construction & Real Estate	3
Utility	3
Food & Beverages	2
Textiles, Apparel & Leather	1
Oil, Gas & Mining	1

ATMS NEWSLETTER - September 2012

The ATMS Project is sub-Saharan Africa's biggest and most ambitious human capital development effort in the private sector. It was created to play a key role in Africa's economic development and currently operates in twenty four countries. The Project provides human capital solutions that lead to skills development and wealth creation through the private sector and commercially operated state enterprises.

This edition shows an overview of the ATMS Project on management and capacity development followed by a focus on East Africa. Access to finance can open up business opportunities to a wider clientele. When large resources are channelled effectively, independent and private financial institutions can become key contributors to economic development. We feature ATMS/AMSCO success stories on finance to show an improvement of livelihoods, enterprise sustainability and Africa's development.

Portfolio Outlook

A substantial growth of the ATMS Project portfolio continues to be realised with statistics recording 464 AMSCO Managers placed in 277 client companies at the end of August. Sectors that are key to economic development in many countries such as Finance & Insurance, Professional & Technical Services, Agriculture and Forestry, and Accommodation and Tourism Services dominate the portfolio, followed by other initiatives that spread across the remaining sectors.

Financial support from the ATMS Foundation across all regions for the Year To Date (YTD) amounts to US\$1,759,391. This support was allocated in the form of Management and Training assistance to 54 enterprises.

Focus on East Africa

ATMS-AMSCO is currently active in five countries in East Africa namely Kenya, Uganda, Tanzania, South Sudan and Madagascar. Despite the fewer countries when compared to the entire portfolio, this region has to date registered the highest number of new managers. YTD, the East Africa portfolio has a total of 98 clients, 67 of them small, 19 medium and 12 large enterprises.

ATMS Foundation Support to East Africa YTD August 2012

The ATMS Foundation assists qualifying African small and medium enterprises by providing financial support to enhance the affordability of their management and skills development initiatives. Although Finance & Insurance forms the largest sector for the ATMS Project, the Foundation has given more towards agricultural development, a sector that comes to mind first in addressing Millennium Development Goal 1 – to eradicate poverty.

Financial Support

The Professional & Technical Services sector comes

second followed by the Education sector in the East Africa region. Overall, the Foundation invested US\$ 534,683. This represents 30% of the overall ATMS Project funding support.

	Business Sector	Number of Clients	Management Grant	Training Grant	Total US\$
1	Finance & Insurance	1		34,905	34,905
2	Professional & Technical Services	4	30,000	56,272	86,272
3	ICT	1		18,200	18,200
4	Agriculture	3	54,000	71,500	125,500
5	Health	1	30,000	22,685	52,685
6	Education	2	24,000	52,000	76,000
7	Energy	3	19,152	37,051	56,203
8	Manufacturing	1		26,000	26,000
9	Food & Beverage	1	12,000	13,000	25,000
10	Tourism	1	12,000	7,518	19,518
	Total		195,552	339,131	534,683

Within the region, greater financial support was targeted at Education, Agriculture and Professional and Technical Services in Kenya. These sectors are positively impacting on the macroeconomic performance of the Kenyan economy since 2009. The increase in support and growth of the sector can be attributed to the good rainfall during 2010 and higher prices for Kenyan exports on world markets. The abundance of agricultural output, coupled with increased competition in some key services, helped contain inflation in 2010 hence the deliberate move for the ATMS Foundation to continue supporting the sectors going forward.

Enterprises Invest In Staff Development

Investing in knowledge and skills is seen by many Governments as the cornerstone of developing an employable and globally competitive work force. While some companies still lag behind in developing

their human capital, lately an increasing number seems to be acting on the quest for a vibrant and inspired workforce.

Changing Lives in Kenya One Acre at a Time

Since its formation in 2006, renowned One Acre Fund plays a great and visible role in Kenya's farming communities.

The brainchild of former Yale University student Andrew Youn, One Acre Fund is



an NGO focused on eradicating extreme hunger and poverty by empowering Kenya's farming communities. Through agricultural education drives, the company is able to help the farming region build sustainable lives.

It was during a summer internship programme and a visit to Kenya that Andrew Youn came face-to-face with the region's farmers, their plight and challenges within the country's only half-fledged agricultural sector.

Following his findings Andrew Youn de-



ecided to start a project that would provide farmers with the right education on best farming practices, allow them access to quality seeds, fertilizer as well as the right market.

Today, in addition to these offerings, One Acre Fund also has a crop insurance cover that promises to cover farmers in the event that their crop fails. The idea behind this incidental compensation is to prevent farmers from falling further or back into poverty.



Maize is a staple diet for many of Kenya's households. In recent years, not only has the region experienced a short supply of this commodity but maize flour prices have also been on the rise. It is therefore imperative to keep a fine balance between supply and demand as shortages directly drive up product

Globally, it is a fact that a skilled and knowledgeable work force improves the investment climate because skilled workers create an attractive economic environment for investors. That is why ATMS/AMSCO made rigorous efforts to widen its presence in sub-Saharan enterprises.

As at 31 August 2012, ATMS/AMSCO trained 4,132 employees from 196 companies. The training activities were mostly client tailored while others were made for various companies who share the same needs such as leadership development courses and sector/industry specific programmes. There were 1,260 female beneficiaries in total.

The Capacity Development department honed executive leadership skills by successfully organising Leadership Development Programmes in Uganda & Kenya and The Effective Negotiator Programme in Tanzania and Kenya. The total number of delegates reached through the 4 programmes is 45 including 18 females. The feedback from all the programmes has been encouraging.

One of the leadership programmes held was the LEAD Programme designed for senior functional managers

who need a broader perspective on company operations or who will become business-unit, division, or regional leaders in the near future was held in Kampala, Uganda. The programme was attended by 10 participants from Tanzania, Kenya, Nigeria and Uganda. It was a successful regional programme.

Another one was held in Nairobi, Kenya in mid-June, 2012. The workshop was run in collaboration with Strathmore Business School. This attracted 21 participants from Kenya and Tanzania who gave positive post training evaluation ratings to AMSCO.

ATMS/AMSCO supported Sanergy - a new social enterprise that is piloting innovative solutions to urban sanitation challenges and poverty - in its first training of the Fresh Life Operators. In this first programme, 12 males and 30 females benefited from the training with the ATMS Foundation training support of USD 15,183. AMSCO is supporting the success of this project by subsidising the Fresh Life Operator Training the Franchisees.

Efforts are being made to train as many African enterprises as possible for a developed and competent private sector. ■

ATMS Project Interventions on Finance & Insurance

Financing Africa from the Ground Up

In 2011, 40 countries received financial support from the ATMS Foundation for management and capacity development. Out of a sum of US\$ 2.98m, 33% was allocated to finance and insurance companies. This is because finance and insurance amounts to 29% of AMSCO's core business clientele, making it the biggest sector under the ATMS/AMSCO portfolio.

AMSCO has long recognised the role that the financial sector plays in eradicating extreme poverty and hunger. From commercial banks and microfinance institutions to brokers and life insurance companies, this portfolio is a vibrant mix of enterprises dedicated to growing the African economy as well as financial wellbeing and security of its people.

With a direct link and impact on just about every other sector, whether small or large scale, there's no denying the importance of monetary financial institutions in today's modern society.

Access to finance can open up business opportunities to a wider clientele. When large resources are channeled effectively, independent and private financial institutions can become key alternatives to government sponsorships which sometimes seem like the only answer for small business start-ups.

In Africa where so many people live in poverty or below their means, finance can be the answer to small-scale payments, savings and risk reductions. Though there has been some noted progress, Africa has always lagged behind when it comes to optimising the financial sector,

due in great part to factors such as lack of education and poor risk management.

African financial institutes have been noted to be among the smallest in the world, with some said to be smaller than some mid-sized European banks. The diminutive nature of these systems in turn has everything to do with low production lines and skills shortages. It is at this point that a great need for AMSCO services and interventions lie.

Every individual needs finance for everyday use and survival. Every business needs finance for the daily operations and production and every country needs a healthy financial system for growth and development.

Some of the trends that can be seen on the continent as this sector begins to take shape from the grassroots up include agribusiness finance. Agriculture still remains one of the most important and popular sectors for sustainable development and poverty eradication. Many farmers and agricultural businesses on the continent are constantly in dire need of capital and cash flow to pump into their projects.

Other trends are the emerging insurance sector, lending to SMEs and an increase in private equity lending. There's also great opportunity for collaborations and partnerships between companies occupying this sector.

A great collaborative example can be seen later in this document with featured AMSCO client, Phatisa and its newly launched multi-million dollar African Agriculture Fund. Thanks to the scalability of the sector and past client successes, going forward AMSCO hopes to double the number of clients under its finance portfolio. ■

Phatisa Fund Managers - the Real Deal Makers

Almost ten years after it was established, Phatisa Fund Managers is fast becoming one of Africa's foremost private equity investment firms.



Phatisa was established in 2005. With a focus on agribusiness and real estate funding, in the past seven years, the company has established a strong base in sub-Saharan Africa with a head office in South Africa and country offices in Mauritius, Zambia, Kenya and Ghana.

Having the entire Phatisa team based in Africa means

a considerable amount of time is spent developing relationships in countries where funds and management are progressively active. As a result, years of strategic partnerships and ground-level work are beginning to bear fruit.

One of the recent and most exciting developments is the company's appointment as Fund Manager of the African Agriculture Fund (AAF) - a US\$300m private equity fund sponsored by Agence Française de Développement (AFD), African Development Bank (AfDB), the Government of Spain, the Alliance for a Green Revolution in Africa (AGRA), Banque Ouest Africaine de Développement (BOAD), Ecowas Bank for Investment and Development (EBID) and the International Fund for Agricultural Development (IFAD - a UN agency).

AMSCO began its intervention in April 2005 with the secondment of the Managing Director, Duncan Owen. For most of the early years, the founders spent several years travelling all over the world to mobilise

prices.

AMSCO became involved in the One Acre Fund project with one main objective to help the company better enhance production lines amongst smallholder farmers. To achieve the best results, AMSCO also needed to support Acre Fund processes. This includes a specially designed agriculture education and training programme, provision of quality seeds and fertilizer as well as market access and access to small loans by farmers.

AMSCO's intervention began in December 2011 with the secondment of a Finance Operation Director, Mr Jake Goldberg. The incumbent's main responsibilities lie in financial process realiza-



tion, operations management and financial modelling aimed at helping the company grow its operations and sustainability.

In the past year, One Acre Fund has increased its membership reach to 130,000 farmer families who, in turn impact on the livelihood of over 520,000 children. In the same period, the NGO's regional coverage has also increased from 14 to 16 districts over the last year.

To date, the company has seen a 100% increase in productivity - a sterling achievement in the run-up to the MDG deadline of 2015 and the need to eradicate extreme hunger and poverty. Many farmers are now able to produce enough stock for domestic consumption as well as excess for sale.

One Acre Fund has also increased its sustainability index from 80% to 85% in the past year. The sustainability index is the standard by which the company measures costs covered by the revenue generated. This is a great factor in determining the company's financial sustainability in the next three years.

funds for the AAF.

From the beginning, AMSCO showed its support to the founders. Both parties believed in the potential that an African green agriculture revolution could have on the



Duncan Owen, Managing Director

wellbeing of the continent and everyone became fully committed to the establishment of the fund.

Other AMSCO Managers are Phatisa are Financial Analyst - Yannick Mawela Mpollo, Private Equity Manager - Stuart Bradley, Senior Managing Partner - Dennis Matangira, Agribusiness Division Head - Colin Watson and the Deal Partner - Anders Einersson.

The AMSCO Managers have been very instrumental in the growth of Phatisa's team, both in terms of on-the-job training and mentorship. The managers have been empowering their staff to take on more responsibility as well as to manage deals independently.

Officers reporting to the AMSCO Managers include two Analysts (one in West Africa and one currently residing



Yannick Mawela Mpollo, Financial Analyst

in South Africa), one Associate, a Chief Operating Officer, a Marketing/Investor Relations Officer and two senior staff to manage the new property fund (all of whom are based in South Africa).

There have been numerous positive manager/project inputs. In June 2011, Duncan, who is not only an AMSCO Manager but also a Phatisa Managing Partner

joined Frontier 100.

Part of the Initiative for Global Development (IGD), Frontier 100 is a network of successful African, South Asian, US and European business leaders who operate in frontier markets. The network creates opportunities for these selected executives to knowledge and to build relationships that enable faster business growth and greater poverty reduction.

In August 2011, Phatisa resolved its first transaction for a US\$ 10m investment towards Goldtree, a palm oil plantation and milling company in Sierra Leone. Together with the Finnish Fund for Industrial Cooperation Limited (FINNFUND) and the company's sponsors, the amount represents a total share of US\$ 20m in investments. The Sierra Leone Government is fully behind this operation.

The AAF might have only officially been launched in



Stuart Bradley, Private Equity Manager

2011 but it has already garnered awards for its innovation and impact. In November 2011, Phatisa won the Agribusiness Investment Initiative of the Year Award for its innovative approach to supporting the development of Africa's agribusiness sector.

Phatisa's establishment (with other key development finance institutions) of the US\$ 100m surplus fund addresses a major need for facilitated technical assistance and SME-led projects.

Also, much of Phatisa's operations, particularly investments in African food businesses are a direct response to the MDG call to eradicate hunger and extreme poverty in Africa. AMSCO is proud of Phatisa's achievement in establishing the multi-million dollar AAF fund and will continue to support them beyond the normal five year period.

As part of the succession plan going forward, more Analysts and Associates are expected to join Phatisa as the fund grows. These new members of staff will also fall under the mentorship of the AMSCO Managers.

Afrique Emergence et Investissements

The brainchild of former banker and businessman, Fahan Bamba, Afrique Emergence et Investissements S.A (AE&I) was established in 2003 as a grassroots service provider for those with a limited income.

Afrique Emergence is a microfinance institution whose specialties lie in the development and distribution of micro-credit and loans to small businesses and micro entrepreneurs. Operating in and around the Côte d'Ivoire's Abidjan region, Afrique Emergence was born out of Bamba's will to serve individuals with the most basic and limited incomes.

The bulk of Afrique Emergence's clientele is made up merchants and artisans, including other individuals engaged in income generating activities across different local markets in the city. Bamba's vision is directly in line

with AMSCO's vision of assisting African companies to become globally competitive, profitable and sustainable.



AMSCO began its intervention with the secondment of M. Alain Agnipke as Operations Manager in 2009. For a period of three years, the manager would assist AE&I to achieve its objectives of providing micro-credit and credits to this unbankable market.

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Our Footprint



Once on board the AMSCO Manager's first task was to evaluate the company and staff skill levels. He developed a comprehensive training programme focused on the acquisition of knowledge, skills and attitudes necessary to achieve the company's strategic objectives.

These would also help improve profitability, competitiveness as well as sustainability of the business. To achieve any of these objectives, emphasis was placed on the review of the organisational system and operational system, the design and development of loan products and the set-up of a new reporting system.



To encourage and help AE&I achieve excellence, build staff capacity and make provision for microfinance solutions to its clients, the company was awarded financial support of US\$ 130,750 by the ATMS Foundation.

The post-election crisis in Cote d'Ivoire impacted heavily on the economy, severely weakening the microfinance sector. As a result, AE&I was badly affected in various components namely, portfolio, staff, network and organisation.

While AE&I had to deal with the consequences of the crisis, they also had to manage new strategic projects.

Training of staff in order to build capacity became the only solution to resolve the new challenges.

Various training sessions were implemented to fill the urgent needs in terms of strengthening management capacity. Some of the modules addressed during training sessions included the evaluation of microfinance which takes a look at recent developments in microfinance both in the world and Africa.

Another module was customer risk management. Focused on the risk perceptions in microfinance, it also takes a look at its profile through portfolio management. Others include customer service, the role of loan officers and client risk assessment to name a few.

Financial support allocated to AE&I enabled the relevant training to be carried out accordingly and efficiently for the acquisition of knowledge and skills that will benefit the company. Since the secondment of the AMSCO Manager and the training sessions, there's been improved customer service, increase in productivity levels as well as the number of new agencies.

Other growth areas that have been noted include portfolio performance, the number of active clients, and female employees within the company (from a mere seven in 2009 to 30 in 2011). There has been a considerable improvement in Board Corporate Governance.

The AMSCO Manager has taken up the leadership challenge and built the company from the ground up. Thanks to AE&I's efforts in partnership with AMSCO, many other small size businesses will now have access to loans for the growth of their businesses and the reduction of poverty.

Our Stakeholders

ATMS And AMSCO wish to thank all the stakeholders for their continued support.

