



2008

ANNUAL REPORT



contents

Messages from the Chairmen and CEO/MD	2
Our Vision - Our Mission	8
A Unique Project	9
ATMS Organisational Structure	10
AMSCO at a Glance	11
Our Offering	12
ATMS Foundation	24
Success Stories	26
Financials	32
Management Team	34
Our Footprint	36
Regional Offices	37



message from the AMSCO Chairman

2008 was the first full year of the project cycle ATMS IV and the beginning of the implementation of a new five-year strategy. It is also the year that AMSCO turns twenty, and this marks a very proud milestone for the board.

One of AMSCO's unique selling propositions is capacity development, and during the year AMSCO has worked to innovate and scale up its offering in this field. To this end, and to cite an example, a Gender Mainstreaming project was launched with a Train the Trainer session for AMSCO training coordinators and service providers in all three regions. This was quickly followed by an awareness session for all AMSCO staff. At client level, the programme was launched to fifteen clients across the continent. There are plans to roll the programme out to the rest of AMSCO's clients using lessons learnt from the current phase of the programme. Effective leadership is a *sine qua non* for the success of an organisation in any field, and AMSCO's Capacity Development was not found wanting as it ran several Executive Leadership Development Programmes for its clients in partnership with world class service providers.

Another key area where AMSCO adds value to its clients is Recruitment. AMSCO has now introduced executive recruiters in all three regions. This move will help AMSCO recruit managers who will be 'best fit' for its SME client companies in a diversified world. It is widely acknowledged that you 'cannot manage what you do not measure' and to this end, data collection and analysis of AMSCO's activities have been further strengthened. This is done with a dual view, firstly to help demonstrate the development impact of AMSCO's efforts in African enterprises and secondly to help manage the future, using information gleaned from the data. In an increasingly difficult environment, partnerships are an imperative and AMSCO continues to build on its unique and special relationship with the UNDP, IFC and AfDB as well as a number of development finance institutions. This partnership is set to be strengthened further in 2009 through closer and more frequent contact.

There has been a change at the helm of AMSCO, following the departure of CEO-MD Ayisi Makatiani. On behalf of the board, I wish to record my thanks to Ayisi for having successfully carried out his mandate of steering the AMSCO ship into the calm waters of financial stability.

At the same time, I would like to welcome Paul Malherbe, his successor, who brings with him a wealth of experience in working with SMEs in Africa.

2008 started brightly, but there are storms on the horizon in the form of the global credit crunch. We have no illusions as to the size of the challenge but in every crisis there are danger and opportunity and I am confident that the AMSCO team, under its new leadership, will seize the silver lining in the storm clouds and with smart decision making and strategy implementation ride out the storm.

Morten Christiansen

Chairman of AMSCO's Board of Supervisory Directors
IFU - The Industrialisation Fund for Developing Countries

AMSCO BV

board members

Helder J de Oliveira
BANCO BPI



Hervé Gallepe
AFD - AGENCE FRANÇAISE DE
DÉVELOPPEMENT



Paul Hinchey
IFC - INTERNATIONAL
FINANCE CORPORATION



Per Emil Lindoe
NORFUND - NORWEGIAN
INVESTMENT FUND FOR
DEVELOPING COUNTRIES



Robert Zegers
AfDB- AFRICAN DEVELOPMENT
BANK





message from the ATMS Foundation Chairman

The year 2008 was the first of the five years under the ATMS IV project, and the financial figures presented in this year's Annual Report for the ATMS Foundation reflect some of the main challenges which the project and its operating arm, AMSCO BV, have encountered in connection with the transition from the ATMS III to the ATMS IV project cycle.

Most strikingly, and at the same time most disappointingly, the figures clearly show that the attempts to mobilise funds from the traditional donors to the ATMS IV project have fallen drastically short of what is required and what was expected in order to meet the budgeted outcomes for the first year of ATMS IV. As can be seen from the Cash Flow statement, only \$982 487 were actually received as donor funding in 2008 compared to a total of \$6 955 067 in 2007.

In order to allow the ATMS Foundation to continue to make maximum use of its scarce free funds for commitments to new AMSCO projects, it has therefore been necessary to commit all incoming donor funds as well as all "free fall" amounts from project cancellations during the year. To secure a reasonable operational cash reserve, AMSCO has extended to the ATMS Foundation a most favourable 'standby loan' of \$1 million, the repayment of which is contingent entirely upon the development in the future liquidity situation of the Foundation.

This situation is hardly sustainable going forward, and it is hence of greatest importance that the IFC, as executing agency of UNDP's ATMS Project, has made a strong commitment to spearhead the fundraising for ATMS in the years to come. If the targeted donor funding is not achieved, it may become necessary to substantially curtail both the budgeted project activities of AMSCO and the administrative and governance expenditures of the Foundation itself.

The activities of AMSCO have furthermore been hampered by unexpected and serious accreditation problems for AMSCO managers and staff in a number of African host countries. Thus far, this has led to slowdown in the activity level in some countries, but unless a solution is found rather urgently, the financial repercussions on AMSCO and even on the Foundation may be serious. It is, at this stage, impossible to quantify the potential financial damage to the Foundation, and hence no provisions herefore have been made in the accounts.



The last years of the ATMS III project cycle consumed a substantial amount of time, funding and energy on enhancing and restructuring the governance system and procedures of both AMSCO and the Foundation. It was on the basis of the successful outcome of these efforts that the UNDP in 2007 decided to prolong the ATMS III into the ATMS IV project cycle, with the unambiguous support of the IFC as executing agency and the AfDB as key supporting regional partner.

The need for the contributions which the ATMS Project makes to enhancement of management capacity in African enterprises – and especially to African SMEs – remains strong. As I have, from 1 April 2009, retired as Chairman of the Foundation, I shall end these words of introduction to the Annual Report 2008 by warmly thanking my former colleagues in the Foundation and AMSCO for their trust and support, and with a strong plea for support from all stakeholders involved – and a strong wish of success for the ATMS Project and for the ATMS Foundation, henceforth under the Chairmanship of my successor, Mr Jan Berteling.

Sven Riskaer

Chairman - ATMS Foundation - Rtd

As the incoming Chairman of the ATMS Foundation, I wish first and foremost to express my thanks for the trust which the IFC as creator of the ATMS Foundation has bestowed on me by nominating me to this challenging position. At the same time I wish to express my strong belief in the mission of the ATMS Project as well as my firm trust in the unwavering and indispensable continued support from all stakeholders and donors – not least from the main project promoters, UNDP, IFC and AfDB, without which I and Foundation Director Pauline Mbayah will hardly be able to successfully execute my mandate as Chairman of this project of significant importance for the enhancement of African enterprises. Finally, I wish to express my appreciation of my predecessor's work during his tenure in the Chair.

Jan Berteling

Chairman - ATMS Foundation

ATMS Foundation board of trustees



From Left

Sven Riskaer - Outgoing Chairman

Jan Berteling - Chairman

Imoni Akpofure - IFC

Martin Fianu - UNDP



Mohammed Bourenane - AfDB



message from AMSCO's CEO and Managing Director

Turbulent. This is probably the best word to discuss the business environment of 2008. However, turbulence through dark clouds quite often leads to clear skies that present better opportunities than what was imaginable.

2008 started off with signs of distress becoming increasingly visible in several sectors of the global economy – slowing demand from China, slowing GDPs worldwide and increasing levels of unemployment. When the storm finally broke in September last year, the effect was substantially worse than all expected it to be. None in business on any continent has escaped, or seems to be able to escape, the effect of the global meltdown. Africa is no exception.

AMSCO was not exempt from the challenges brought on by the storm clouds. The income statement reflects extraordinary losses in currency holdings which eroded profitability. In spite of this, the whole AMSCO team and management under the capable leadership of my predecessor Ayisi Makatiani, had excellent control over manageable expenses. Add to this their extreme efforts to ensure revenue was as close as possible to forecast, and the net result was that AMSCO was once again a sustainable organisation. Revenues reached \$31 989 530 which is 13%, or \$3 594 647, over the prior year. The operating profit for 2008 was \$148 541. This marks the fourth year in succession that AMSCO is profitable, and indeed a proven point of the AMSCO business model after the trying years in the early part of the decade. These achievements are the direct result of the efforts of 294 managers seconded to 185 clients in our portfolio, compared to 323 managers and 169 clients at the end of the previous reporting period. The client numbers for 2008 consist of 71% (131) SMEs and 29% large businesses. This is an achievement well ahead of the target set by the Board of AMSCO.

The past year also marked the continuance of the focus on the new Capacity Development department, the Recruitment department and our increased efforts to monitor the successes in client companies. All of these are components of the AMSCO Strategy 2012 that was compiled in 2007, with the desire to make the fourth cycle of the ATMS Project exceed its goals. These departments play an increasingly important role in our service offering. Capacity Development utilised \$2 024 350 in grants for management and training support to clients that would otherwise not be able to improve their operations. In total, 4 991 individuals were trained through AMSCO on a variety of subject matter that includes corporate governance, diversity management (gender mainstreaming) and HIV/AIDS. Recruitment becomes more important when an AMSCO manager is sourced by AMSCO rather than by the client – this is an AMSCO competitive advantage; to identify a client's need and then find and place the right manager, thereafter striving to optimise the relationship between all. A dedicated monitoring and evaluation team, our Portfolio Management department, has the sole focus of

tracking client performance to determine what gains have been made through AMSCO's involvement with each client – this also serves as a basis for identifying areas to improve our service delivery.

Hindsight is a perfect science, but foresight is very far removed therefrom, especially in a turbulent environment. No planning or strategising can determine the depth and length of the economic conditions that the world, and indeed Africa, faces. The very nature of AMSCO's vision – to assist African companies in becoming globally competitive, sustainable and profitable – implies that our role is now, more than ever, a vital one. Prospective clients will require AMSCO to come up with innovative assistance to their challenges to beat potential disaster from the business environment. This will stretch the way in which we assist these clients, within the mandate and wishes of our stakeholders. AMSCO can take a leaf from the book of assistance provided to clients – make sure that we remain sustainable; find better ways to serve our clients. With these in mind the management will embark in 2009 in finding new ways to:-

- Optimise client relationships, thereby increasing the importance of our service to them;
- Increase services in Capacity Development, Recruitment and Portfolio Management that set us apart from any other organisation in our realm;
- Better liaise with, and communicate to, stakeholders, donors, clients (including prospective clients), host governments and related parties to ensure that AMSCO suitably communicates our successes;
- Diligently manage our operational costs and overhead structures to increase efficiency and effectiveness in serving our clients;
- Renew our focus on our employees to ensure that they have the resources, skills and support to deliver our Shareholders' and donors' wishes to African businesses. In 2009 AMSCO will strive to become a preferred employer to attract, train and retain the high calibre employees that we need.

The five key areas listed above have already focused the attention of management towards the end of the reporting period and will remain focus areas until management, supported by the Board, have achieved minimum goals.

These focal points are continually tested against the strategy compiled by the Board, and both strategy and operations are tested for relevance in the new, post-September 2008, business environment. As AMSCO seeks to entrench itself in the coming year, it is also prudent to note that there are challenges being faced in some countries of operation that might negatively affect the business and financial outlook for 2009 and beyond. However, management and the Boards of both AMSCO and the ATMS Foundation are working feverishly with UNDP, IFC, AfDB to resolve these issues and limit their effect on the organisation.

The unique position of AMSCO will allow it to use the stable platform, which was created by a period of sustained profits, to build on improving a growing basis of prospective clients and reach the ATMS IV goals. 2009 marks the 20th year for AMSCO and this will surely mark a year of continued greatness for the organisation.

In conclusion, let me thank the Board of directors of AMSCO, the Board of Trustees of the ATMS Foundation, donors, and other stakeholders, for their continued support of the ATMS Project. Without this, there would be little we could achieve in 25 countries of operation. Lastly, to the highly committed family of employees at AMSCO, I would like to express my great appreciation, as well as my continued support and that of the whole management team, to assist you in fulfilling our mandate.

Paul Malherbe
CEO and Managing Director



our vision to assist African Enterprises in becoming globally competitive, profitable and sustainable

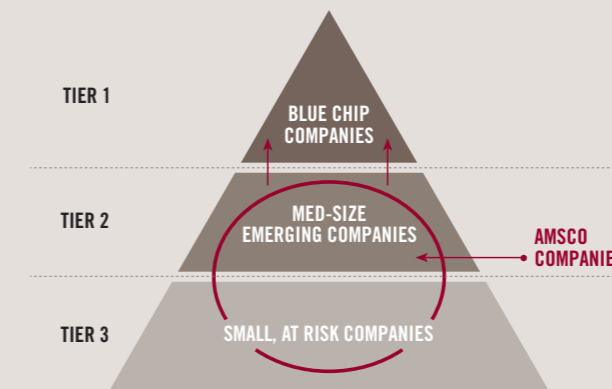
our mission to build management capacity within African Enterprises by providing management and training support, primarily to SMEs

a unique project

AMSCO administers the African Training and Management Services (ATMS) Project of the UNDP and is a pioneer of capacity and skills development in the African SME sector. AMSCO's ability to strategically place globally experienced managers in its client companies and subsequently develop quality local management skills, contributes to the overall growth and health of the businesses and the economies within which they operate. AMSCO delivers two primary services to client companies – Senior Management Assistance and Training and Capacity Development.

AMSCO currently works with 185 African businesses of various sizes in 24 countries. AMSCO chooses its clients carefully, adhering to company due diligence procedures, and seeks to partner with SMEs that have impressive and proven business track records as well as start-ups that have received support from credible and accomplished investors.

The ATMS Foundation, which also falls under the ATMS Project, provides grant funding to the most needy companies to which AMSCO can deliver the greatest developmental impact. AMSCO works primarily with companies that have the potential and ambition to develop into globally competitive companies.



ATMS organisational structure

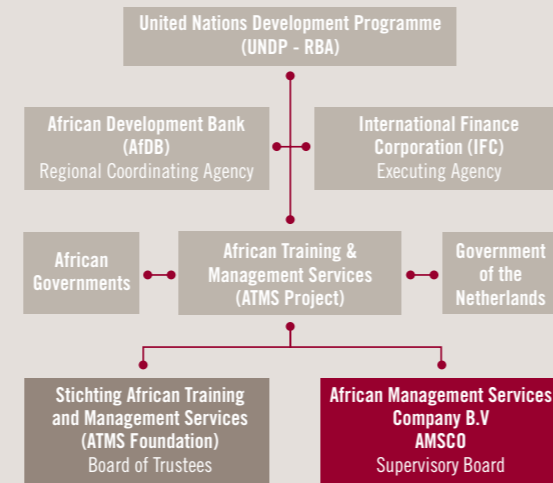
The African Training and Management Services (ATMS) project is a regional project of the United Nations Development Programme (UNDP). The International Finance Corporation (IFC) is the executing agency of the ATMS Project. The African Development Bank (AfDB) is the regional coordinating agency. AMSCO BV and the ATMS Foundation are responsible for the implementation and funding of the project respectively.

AMSCO BV is a limited liability company incorporated on 7 April 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 €11.436 million.

AMSCO BV has a mandate to provide qualified and experienced management, management backup services and management development and training programmes to private companies, mainly small and medium sized enterprises as well as commercially operated public enterprises in Africa.

The ATMS Foundation (previously Stichting) was established in 1996 by the IFC in its capacity as the executive agency for ATMS Project to serve in the distribution of donor funding.

The ATMS Project is an independent legal entity, established in Amsterdam under the laws of The Kingdom of The Netherlands to support projects within the framework of the ATMS initiative. A large portion of funds has traditionally gone to AMSCO's client companies to help them cover the costs of management and training services provided by AMSCO. The ATMS Foundation is funded by a number of committed national and multilateral donors.



ATMS III DONORS

UNDP	IFC
AfDB	Netherlands
Denmark	World Bank
Ireland	UK
Sweden	Norway
Switzerland	

ATMS IV DONORS

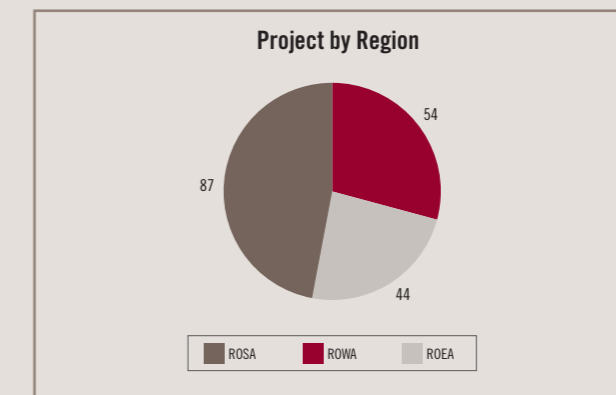
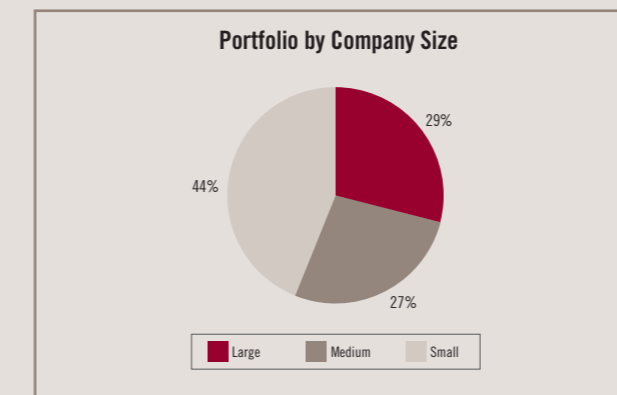
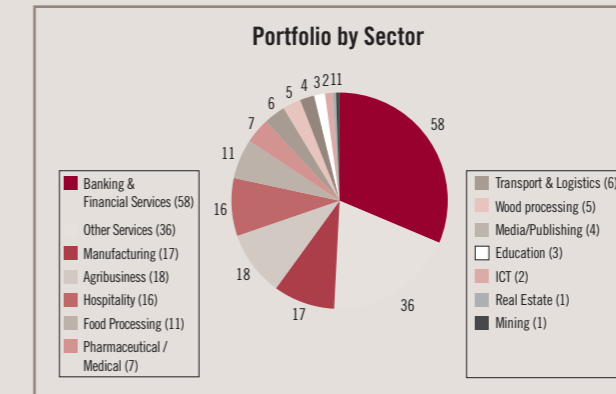
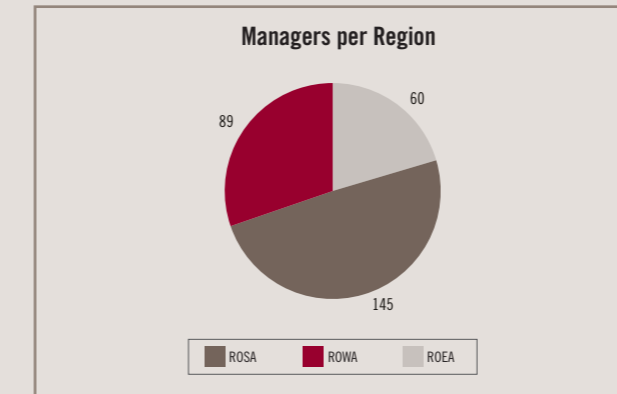
UNDP
IFC
Finland
FMO
Ireland

AMSCO SHAREHOLDERS

AFD	IFC
AfDB	IFU
BANCO BPI	NORFUND
FMO	SWEDFUND
FINNFUND	

AMSCO at a glance

As at 31 December 2008, AMSCO was present in 24 countries, with 294 management professionals seconded to 185 Companies. AMSCO's portfolio was comprised of 71% SMEs at year end 2008.



* ROSA - Regional Office Southern Africa; ROWA - Regional Office West Africa; ROEA - Regional Office East Africa





our offering

Recruitment

The recruitment department has been transformed over the past year, growing from one to four, and now boasting an executive recruiter for each region. The challenge of recruiting management skills remains a challenge worldwide and by starting to partner with other organisations, the department has been able to widen its reach in recruiting the management skills for redeployment to AMSCO's many clients across Africa.

The introduction of the new recruitment website has been a highlight for the team, especially the custom-made electronic database, which will enhance our ability to work with CVs across the continent.

Capacity Development

AMSCO provides training assistance and services to its client companies with the aim of developing local management capacity in these organisations and facilitating skills transfer to local successors for AMSCO interim managers. This falls in line with AMSCO's commitment to helping its clients become profitable and sustainable businesses.

The AMSCO Capacity Development department carries out training needs assessments that enable client companies to identify skills gaps. Using this information, AMSCO and the client are able to develop and execute appropriate training programmes.

AMSCO partners with reputable training providers to ensure its clients receive the best programmes available for their needs. Training assistance is provided to clients who enjoy training grants from the ATMS Foundation as well as those who do not receive grants.

AMSCO's Capacity Development portfolio encompasses several training programmes. AMSCO's Capacity Development function took a number of strides forward in all regions during 2008.

AMSCO Training Programmes

Category of training	Type of training	No. of persons trained	No. of females
Corporate Governance	Corporate Governance	128	43
Executive Leadership Development	Strategic Planning for Global Competitiveness	90	21
	Senior and Executive Management & Leadership Development	193	42
	Middle Management Development/ 7 Habits of Highly Effective People	235	53
	Supervisory	116	13
Quality Management	ISO Certification	61	5
HIV/AIDS, Health and Safety, Environmental Standards	Awareness, Advice and Support	256	94
Diversity Management and Gender Mainstreaming	Woman Entrepreneurship, Leadership and Management Development	1	1
Company Specific Programs	Industrial Training, Technical Skills, Machine Operation and Maintenance (Agricultural)	1415	312
	Technical Training (Software), Hospitality, IATA, Project Management	588	209
	Finance, Income Debt Securities, Mutual Fund Management, IFRS, Tax etc., Risk Treasury	501	198
	Basic Staff Training, Computer Courses, Cost Control, Piloting	764	30
	Marketing, Sales and Customer Care /HR Communication, Presentation Skills	643	99

Just under 5 000 clients' staff were trained in 2008, 1 120 of them female, from 171 training events. This is literally double the 2007 figure of 2 500 staff members trained.





Leadership development is a *sine qua non* for the development of competitive African enterprises.

Training Programmes

Corporate Governance

AMSCO partnered with institutions such as the Institute of Directors in South Africa, the Centre for Corporate Governance in Kenya and the Institute of Directors of Nigeria to carry out successful corporate governance training for client companies throughout the continent. A total of 128 client staff members received corporate governance training, of whom 43 were women.

Executive Leadership Development

AMSCO partnered with renowned institutions such as the Gordon Institute of Business Sciences (South Africa), Strathmore Business School (Kenya) and KPMG Ghana in the area of strategic planning and executive leadership training. This training reached 283 client staff members, among them 63 women.

Quality Management

During 2008, AMSCO supported a number of quality enhancement programmes among its clients, helping a number of them to achieve ISO certification. The programmes have helped client companies to streamline production processes, enhance efficiency, increase skills transfer, define production standards and improve product quality to international standards so that they are in a position to compete in the global market.

The impact of these programmes for many clients has been profound. Semme Mineral Water in Cameroon, Central Africa, for example, went through intensive training in process and quality management and attained the ISO 9000:2001 certification. The company has reported a doubling of its exports in the past year, a 35% increase in revenue for fiscal 2007, an increase of 50% in direct employment, the creation of a substantial number of new indirect jobs, and the enhancement of its staff's technical skills.

The Thaumatin Division of Samartex in Ghana, which produces and exports a natural plant-based sweetener (Thaumatin), achieved and maintained its ISO 22000 certification. It has reported an increase in exports, the creation of 120 new direct jobs and 1 000 indirect jobs, and an enhancement of the skills of its workforce.

HIV/AIDS, Health and Safety, Environmental Standards

HIV/AIDS is a critical concern for AMSCO because it threatens the productivity and welfare of employees and their families, and by extension the sustainability and profitability of African companies. AMSCO's HIV and AIDS workplace policies and education programmes target client and non-client companies and aim to raise awareness of the role that employers can play in the fight against AIDS.

These programmes also help client companies manage the impact of HIV/AIDS on their productivity and set up HIV/AIDS workplace policies. AMSCO exposes clients to other programmes such as the International Labour Organization (ILO) Code of Practice on HIV/AIDS. In East Africa alone, AMSCO has trained over 520 employees (300 female) on HIV/AIDS in the workplace.

Diversity Management and Gender Mainstreaming

AMSCO continued to implement the gender mainstreaming programme launched by the ATMS Project with assistance from the IFC. The programme showed a great deal of progress during the year under review with outcomes such as the following:

- I. Sensitisation of staff within ATMS and AMSCO, which has led to employees becoming more gender aware in operations.
- II. The programme has commenced at 15 clients for the first phase of the rollout, in line with the original programme objectives.
- III. The number of women trained in other AMSCO programmes is now systematically tracked in line with the Gender Mainstreaming programme's goals.
- IV. The development of three case studies (one per region) was initiated and work on these case studies is under way.
- V. The programme is receiving media attention, which in turn raises public awareness of gender issues.

The Gender Mainstreaming programme featured in the December 2008/January 2009 issue of *African Trader*, a magazine that promotes business in Africa.

Company Specific Programmes

Company-specific training programmes address the unique and short-term needs of client companies. These programmes are tailored to the needs of clients and the industries they operate in and help organisations to become more effective and efficient. In some cases, the programmes are essential to the survival of client companies.



Capacity Development Initiatives for 2009

AMSCO will continue to roll out training programmes to its clients throughout 2009. The training programmes are actively promoted to clients while regular training needs analyses at each client help AMSCO to create new training plans and update existing ones.

Regional seminars and workshops are planned for 2009 across the following areas: corporate governance, executive leadership development, HIV/AIDS, quality enhancement programmes and safety and health activities. The Gender Mainstreaming programme continues to be implemented in all regions with the first phase of the programme due to end in May this year.

Steps have been taken to ensure that earlier HIV/AIDS initiatives are sustained. Where client staff members are tested positive, a patient management system involving treatment and counselling will be instituted. About 100 permanent staff and 750 seasonal staff are targeted for training in the farming industry in 2009 in Cape Town. AMSCO hopes to replicate this programme with clients throughout the continent by implementing an HIV and AIDS Workplace programme for its 185 clients spread across 24 countries.

In the area of Gender Mainstreaming, several activities are planned beyond the Needs Assessment currently taking place at 15 clients. ATMS/AMSCO hopes to turn gender equity into a reality at all of its client companies. AMSCO is looking for opportunities to work with other Gender programmes under implementation in Africa. AMSCO is examining ways to attract more female-owned businesses as clients including:

- Guaranteed training subsidies and management subsidies to female-owned businesses that operate at micro and small level
- Linkages to potential financiers such as IFC's Growth Oriented Womens Enterprises (GOWE) and banks to help female-owned clients access funding
- Free advisory services for women-owned business

Client-specific training programmes will continue to be informed by current Needs Analyses organised by AMSCO to ensure that the solutions proposed address the real skill deficiencies within client companies as well as the requirements of their industries.

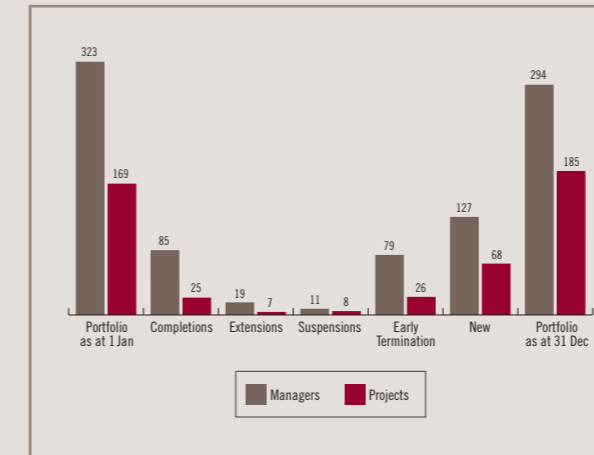
Portfolio Management

AMSCO tracks and measures the progress of its projects and the results they achieve every quarter to ensure they deliver the developmental impact expected of them. Corrective measures and interventions are taken in projects where worrying trends are identified. AMSCO constantly collects and updates reports – including audited financial statements – about each project to keep in touch with the results they are producing.

AMSCO defines 'outcomes' from its projects as the changes in the behaviour or performance of the ATMS beneficiaries that should be brought about as a result of the project. These outcomes are the most direct measure of the ATMS Project's success. Although outcomes vary for each project, AMSCO has defined two categories for outcomes-tracking:

- Key outcome metrics including local succession plans; increases in revenue, profitability, employment and female participation; and improvements to corporate governance.
- Project-specific outcome metrics, which are further subdivided into
 - Selected outcomes (outcomes frequently encountered in AMSCO projects)
 - Custom outcomes (unique to a project)

1. Portfolio Movement

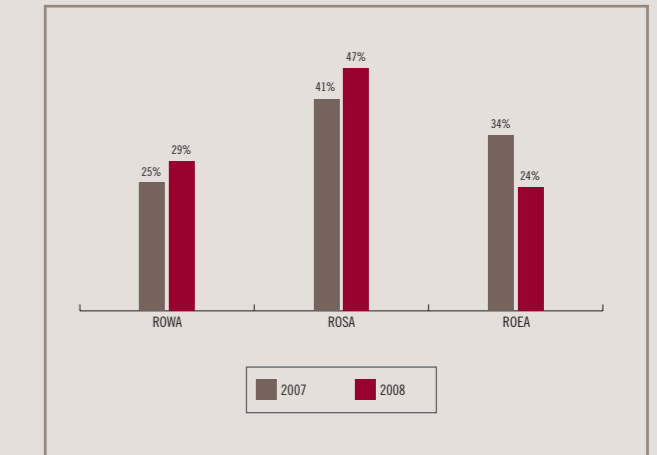


The AMSCO portfolio stood at 169 projects and 323 seconded managers by 1 January 2008. During the period under review, 25 projects were completed, seven were extended, eight were suspended and 26 were terminated early.

AMSCO signed up 68 new projects during the period, growing its portfolio by 9.5% to 185 projects. During the year, 85 managers completed their assignments while 19 had their contracts extended, 11 were suspended and 79 terminated their contracts early.

AMSCO seconded 127 new managers to African businesses during the year – a 9% net shrinkage of the number of managers to 294 people, which is in part due to accreditation issues in Kenya, Rwanda and South Africa. A lack of donor funding throughout 2008 also had a huge impact on AMSCO's portfolio growth, especially among SME clients.

2. Project Distribution by Region

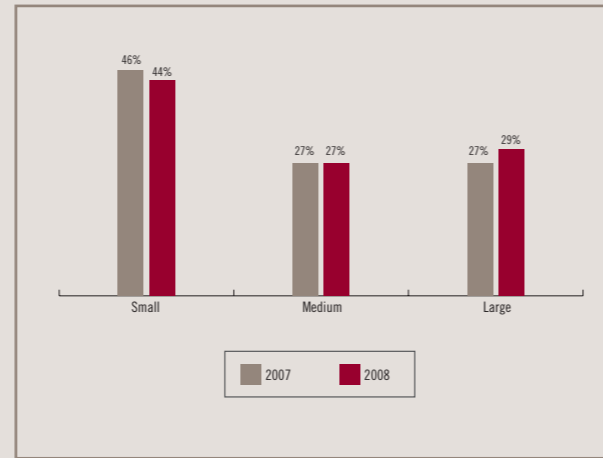


The Southern African region continued to maintain the greatest share of the portfolio. ROWA and ROSA reported an aggregate increase in number of projects during the year, while the number of projects in ROEA decreased due to country-specific issues in Rwanda and Kenya.



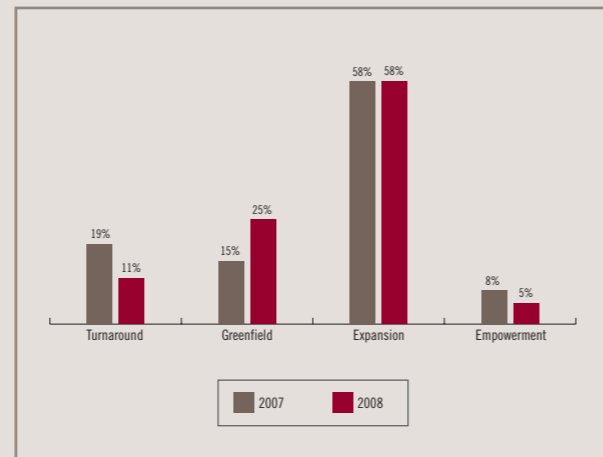
3. Portfolio by Company Size

SMEs accounted for 71% of AMSCO's portfolio – more than the target AMSCO originally set. This indicates that AMSCO continues to focus interventions on the most needy companies in Africa.



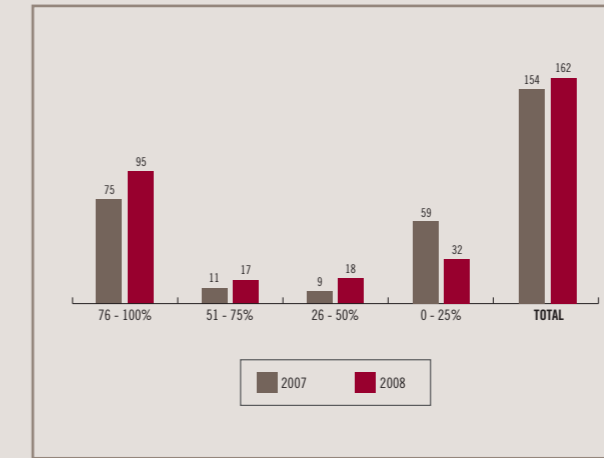
4. Portfolio by Project Type

AMSCO shifted focus from turnaround and empowerment companies to greenfield companies in 2008. The focus on greenfield and expansion projects supports key developmental objectives such as employment creation and growth in both turnover and profit.



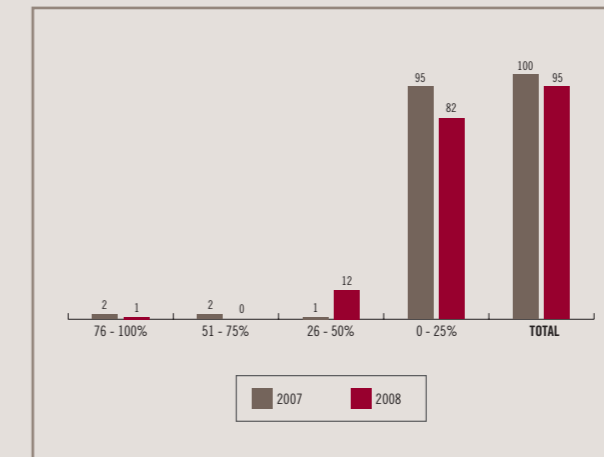
5. Movement in percentage of African Ownership

AMSCO is meeting its goal of supporting African-owned businesses. Of the companies in the current portfolio, 88% have some African ownership and 70% are more than 25% owned by African shareholders. A pleasing number of the companies in the portfolio are more than 75% owned by African shareholders.



6. Movement in percentage of Female Ownership

Female ownership of companies within AMSCO's portfolio shrank by 5% during the period. The data reveal that women continue to be marginalised in company ownership and thus provide a case for AMSCO's Gender Mainstreaming programmes. AMSCO is actively engaging client companies to increase female ownership.



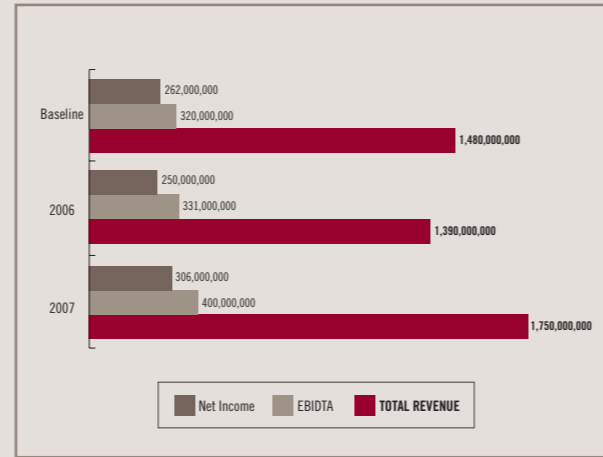


7. Changes in Portfolio Revenues

The chart is a direct comparison between the financial performance of AMSCO's aggregated portfolio during 2006 and 2007*. The baseline report includes financial results for 131 companies. During 2007, 87 projects submitted their financial information to AMSCO and data paired for subsequent reporting.

The results reveal an increase in revenue, EBIDTA and net income in 2007 compared to 2006 among companies that submitted their financial information. Revenue grew by \$360 million to \$1.75 billion, while EBIDTA grew by \$69 million to \$400 million and net income grew by \$56 million to \$306 million. The portfolio companies were also able to maintain their net income margins in spite of a marginal decrease in EBIDTA by 100 basis points.

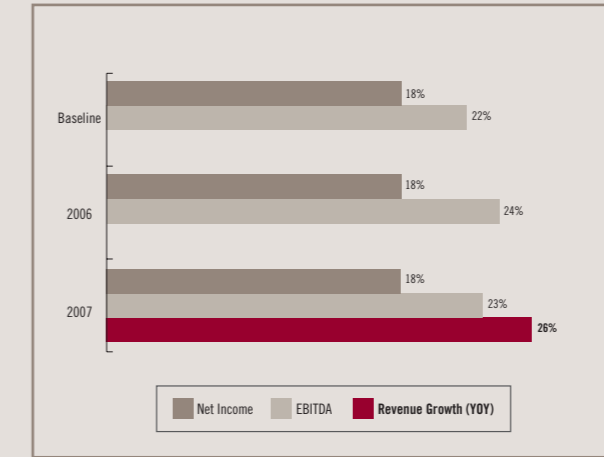
*Financial performance and comparison are based on the 2006 and 2007 financial information. We are currently reporting on the 2007 financials due to the different financial year ends of our portfolio. AMSCO requires that client companies submit audited financial statements to make meaningful analysis.



Baseline: 131 Companies
2006: 71 Companies.
2007: 71 Companies

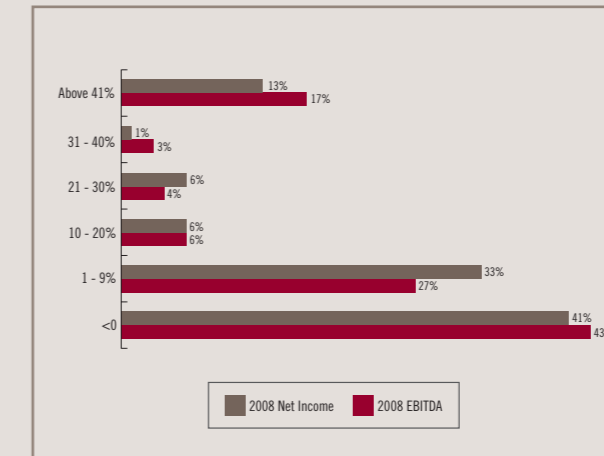
8. Changes in Portfolio Margins - Aggregated Portfolio Margins

AMSCO clients managed to maintain their net income margins in spite of a marginal decrease in earnings before income, tax depreciation and amortisation (EBIDTA).



9. Margin Movement per Project

The majority of the reported portfolio had positive EBIDTA (57%) and net income (59%) growth, and 30% and 26% of the portfolio had EBIDTA and net income margins above 10% per annum respectively.



“AMSCO is about results and Portfolio Management exists to turn data into user friendly information. As they say ‘you cannot manage what you don’t measure.’”

Vusa Vundla
 Portfolio Manager

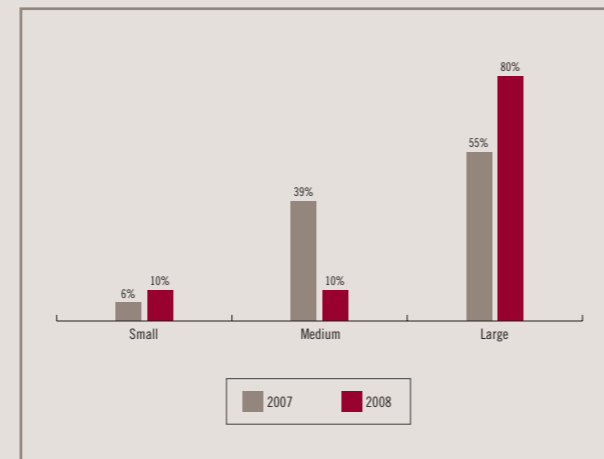
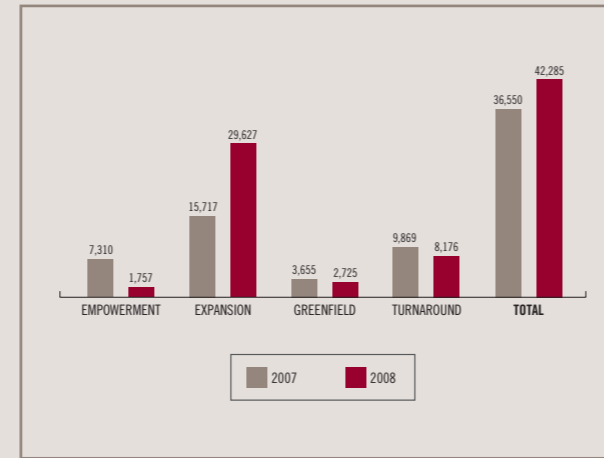


10. Employment Supported

The AMSCO client companies had a net of 16% new jobs added to the Portfolio amounting to a total of 5 753 new jobs that were created between December 2007 and December 2008. Projects in the expansion category did exceptionally well creating over 13 000 new jobs during the period. This amounted to 89% growth and saw the category holding 70% of the total jobs in the portfolio.

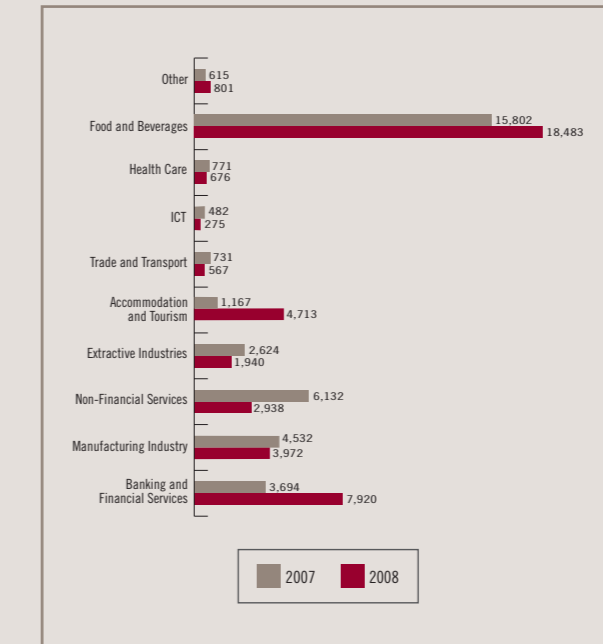
11. Employment by Project Size

Large companies contribute 80% of the jobs in AMSCO portfolio. Expansion projects created most of the new jobs (nearly 100% growth) while turnaround projects shed half of their jobs which is to be expected. Expansion projects hold 84% of all jobs in the portfolio. The food and beverages, agriculture and forestry, investment vehicles, professional services, and finance and insurance sectors hold and created most of the new reported jobs in the portfolio.



12. Employment by Sector

Three sectors namely the Food & Beverages, Accommodation & Tourism and Banking & Financial Services created a combined 10 453 new jobs during the period; however some sectors performed badly resulting in a negative effect on the aggregated net jobs created for the period.



Conclusion

Significant progress has been made since the establishment of the Portfolio Management Department with regards to inculcating a culture and competencies of monitoring and evaluation among AMSCO staff. Monitoring and Evaluation assist AMSCO in understanding the clients' operating environment better and in identifying gaps, needs and challenges within the client companies' portfolios. Together with clients, AMSCO takes proactive actions in addressing inefficiencies through programs such as capacity building, linkages and networks.



"The development of the private sector is critical to Africa's long term development and AMSCO has been doing its part to boost private regional businesses for 20 years. Africa is still a tough place to operate and the global financial crisis has made it even harder for African businesses to find investors or markets for their products. Yet in Africa we have seen commitment to improved policies

and to regulatory reform that is important for investors remaining interested in these markets. Now is the time for institutions with a development mission to step up their efforts and support the private sector in Africa. AMSCO's commitment to successful businesses in the region complements the investment and advisory activities IFC undertakes to encourage thriving markets. High level managers and executives can lead businesses to succeed and AMSCO ensures more availability of this talent pool for Africa.

IFC, a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing private capital in local and international financial markets, and providing advisory and risk mitigation services to businesses and governments. IFC is a proud supporter of AMSCO and the positive impact it is having on Africa's private sector development".

Thierry Tanoh
Vice President,
IFC (International Finance Corporation)



ATMS Foundation

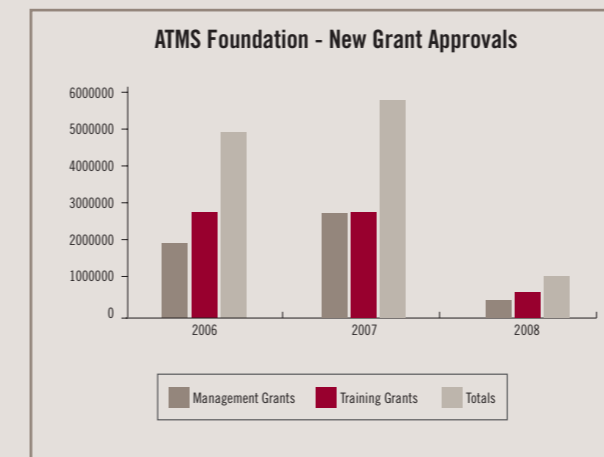
The ATMS Foundation was established by IFC in 1996 under the laws of The Kingdom of The Netherlands as an independent legal entity to support projects within the framework of the ATMS Project. The Foundation is governed by a Board of Trustees and funded by a number of committed bilateral, multilateral and private donors. As provided under the Articles, the day to day management of the Foundation is carried out by the Foundation Director, reporting to the Chairman.

The ATMS Foundation's role is to collect and make available funds to the ATMS Project for management and human capital development of enterprises in Africa. The funding is conditional upon satisfying ATMS guidelines and criteria and is aimed at optimising the development impact of the interventions in line with the objectives of all stakeholders related to the project – namely host governments where the project activities are carried out, UNDP, IFC and AfDB among others. The funding is closely linked to national priorities of host countries and in pursuit of the United Nations Millennium Development Goals.

The existing guidelines and criteria stipulate that projects funded under the ATMS Project meet both the governance and funding criteria and are normally classified into the following categories:

- Turnaround projects
- Expansion projects
- Empowerment projects
- Greenfield or start-up projects

The ATMS Project promotes good corporate governance practices through the AMSCO Managers, the training programmes and in general by encouraging corporate social responsibility activities compatible with the United Nations Millennium Development Goals and the United Nations Global Compact principles.



As evidenced in the chart above, 2008 saw a sharp decline in the total funds granted to small and medium enterprises. A factor largely attributed to the reduced commitments from traditional donors. This trend is expected to reverse in 2009.





success stories

Namibia Wildlife Resorts

Sector: Tourism **Location:** Throughout Namibia **Number of Employees:** About 850

The Challenge

Namibia Wildlife Resorts, a commercially operated state enterprise, operates 23 resorts and camping sites in national parks, protected areas and game reserves throughout Namibia. The company has 80% market share in the country's tourism sector.

However, ageing facilities, overstaffing, a shortage of employees with relevant tourism skills and a lack of middle management diminished the company's earning potential. Namibia Wildlife Resorts' stakeholders and the government are committed to reviving the company because of the potential knock-on effects its revenues could have on the broader Namibian tourism sector and economy.

By turning the troubled Namibia Wildlife Resorts around, the government hopes to increase foreign currency generation and employment for previously disadvantaged individuals, while enhancing maintenance and upkeep of the national parks and protected areas. The Namibian government approached AMSCO for training and interim management services that could help it restore Namibia Wildlife Resorts to profitability. The Cabinet approved the business plan and turnaround strategy in June 2006. Tobie Aupindi was appointed as managing director and AMSCO's assistance was requested.

The AMSCO Solution

AMSCO seconded Najeeb Khan to the company as Group Executive Advisor, giving him the brief of driving the turnaround strategy. Khan is a professional Canadian hotelier with global experience in the hospitality industry. At the time he was seconded to Namibia Wildlife Resorts, he had already spent more than six years helping AMSCO clients in other countries to develop successful organisations. His mission was simple and focused: to turn NWR from a loss-making to a profit-making enterprise, and to achieve the vision within three years.

The AMSCO Impact

Early in the turnaround strategy, Namibia Wildlife Resorts brought several new managers on board. One of the deficiencies they identified in the company was a lack of control systems and accountability. This challenge was systematically addressed by establishing proper policies and procedures, and instituting appropriate control and monitoring measures.

Namibia Wildlife Resorts now runs according to best practices and international hotel management business principles. Khan has implemented programmes and standards such as Six Sigma, FFA (Force Field Analysis), balanced scorecards and PCMM (People's Capability Maturity Model) to improve the management of the business. He has also introduced better financial management systems and controls.

These steps have helped to bring about a major improvement in the health of the business. An organisation that reported losses just four years ago is today a profitable enterprise employing 850 staff – 200 new jobs have been created since the AMSCO intervention began. The organisation caters for some 300 000 tourists a year.

Revenues are growing, with the result that the organisation will be able to upgrade its facilities in the years to come and attract even more guests into its resorts. Following the renewal of its facilities, Namibia Wildlife Resorts will be in a strong position to compete for tourism spend from local and international visitors.

The company's growing success is having a knock-on effect across the Namibian economy since Namibia Wildlife Resorts is a major buyer and consumer of goods from primary and secondary suppliers.

The company recognises that well-trained and motivated employees are central to its success since there is no substitute for courteous and efficient employees in the hospitality industry. For that reason, it has ensured that it has a good human capital framework in place that provides opportunities and recognition to good performers and addresses poor performers. Namibia Wildlife Resorts has also focused on empowering staff with the skills they need to successfully carry out their duties. Together with AMSCO, the company has run a number of successful training programmes that have boosted the skills of the staff and in turn improved the sustainability of the organisation.

The company has appointed a wellness coordinator to monitor and manage the physical and emotional health of its employees. The wellness coordinator is responsible for the development of a drug and alcohol policy and peer education programme; HIV/AIDS policy and strategies; and general health and safety issues. The health policy not only impacts on Namibia Wildlife Resorts' own sustainability, but also has potential to increase awareness of health issues in the broader community.

The Namibia Wildlife Resorts Company Act (Act No. 3 of 1998) mandates the organisation to promote the development of environmentally sustainable tourism. The company is now a leading light for environmental sustainability in Africa, thanks to its focus on preserving the assets on which the tourist industry depends.

Namibia Wildlife Resorts is now positioned to contribute to the national objectives of sustainable economic growth and job creation outlined in key documents such as Vision 2030 and the SWAPO Party Manifesto. The growth of the organisation will help to spur the development of a healthy tourism industry in Namibia, with a wealth of related benefits such as job creation and foreign exchange earnings.



Horus-Advans Cameroon

Sector: Financial Services **Location:** Douala, Cameroon **Number of Employees:** 61

The Challenge

Horus-Advans Cameroon is a microfinance project that started as an AMSCO project in January 2007 in Douala, Cameroon under the name La Camerounaise de Microfinance (LCM). The company later assumed the name Advans Cameroon.

It is a joint venture between Advans SA, a manager of funds set up by DFIs to promote microfinance projects in the developing world, Societe Generale de Banques du Cameroun and two prominent Cameroonian businessmen, Titi Maniaka and Andre Siaka. In June 2008, IFC became a shareholder of Advans Cameroun and the company then requested AMSCO's assistance in launching into the market.

The AMSCO Solution

AMSCO seconded three experienced managers to Advans Cameroon to successfully launch the company, recruit and train personnel and to establish the Advans brand. The managers seconded were French nationals Hervé Proust as General Manager, Olivier Bailly-Béchet as Operations & Credit Manager, and Christophe Ban Koffi as Chief Administrative & Financial Officer.

Before the business launched, the AMSCO managers supervised the completion of the headquarters in downtown Douala as well as the recruitment and training of the entire staff, the installation of equipment and the development of procedure manuals.

The AMSCO Impact

Advans Cameroon started operations on 22 May 2007 with capital of \$1 million, 44 employees and a mission to revolutionise the microfinance sector in Cameroon. The project provides financing to companies ranging in size from micro enterprises to medium-sized companies and cooperatives.

After seven months of operations, Advans could boast of a balance sheet of about \$1.2 million, a loan portfolio of \$180 980 and \$92 983 in profits. During this time, it loaned money to 435 people and secured 324 depositors.

Advans Cameroon has also introduced a new dimension to its credit policy by allowing individuals with low credit ratings to form solidarity groups in order to receive loans. Loan Officers given training in risk management will allow Advans Cameroon to extend loans to borrowers who would usually be shunned by commercial banks as high-risk customers.

By the end of October 2008, the bank employed 61 people, including 34 women. The bank's capital increased to \$2 million in June 2008 with the entry of IFC as a shareholder.

A succession plan is in place to ensure that the AMSCO managers are replaced by talented and qualified local managers. Christophe Ban Koffi was replaced at the end of his contract in December 2008 by his Cameroonian deputy, Alain Saapi. The other two AMSCO managers will be replaced by Cameroonians when their contracts expire.

Horus-Advans Cameroon



From left to right:
Alain Saapi - Deputy CFO
Olivier Bailly-Béchet - Operations Manager
Christophe Ban Koffi - CF
Hervé Proust - General Manager
Francis Quantou - Head of Audit
Jean-Luc Nzoubou - HR and Logistics Manager
Eric Kuete - IT Manager



Banque Commerciale Du Rwanda

Sector: Financial Services **Location:** Kigali, Rwanda **Number of Employees:** 343

The Challenge

Banque Commerciale Du Rwanda (BCR) was rescued from collapse by the Central Bank in 2004 and privatised in 2004, with Actis Capital purchasing 80% of the bank and injecting new capital into the operation. Management of the bank needed to be reorganised following the privatisation.

The AMSCO Solution

ATMS/AMSCO appointed four experts to serve as interim Managing Director, Head of Leasing, Head of Personal Banking and Finance Manager at BCR. Their deliverables were the following:

- Providing strategic direction to the company
- Developing the SME and corporate business of the bank
- Introducing best practice management techniques to measure operational efficiency
- Developing MIS reporting system
- Documenting and reviewing the efficiency of the control procedures
- Re-organising operations to create a centralised IT function
- Creating new markets by identifying needs and designing products to meet these needs

The AMSCO Impact

Today, BCR is more visible in the financial services sector than any other bank in Rwanda and is the bank of choice for the country. AMSCO's impact on the business helped BCR to boost profits from \$1.8 million in 2004 to \$6.5 million in 2007 and taxes paid from \$668 467 in 2004 to \$809 009 by 2007.

Over this same period, BCR has grown its loan book by 462% and deposits by 211%. During the same timeframe, employment levels climbed from 195 to 316 and the number of branches/agencies rose from seven to 11. \$107 207 was invested in training staff in 2007 alone.

The AMSCO managers have overseen the introduction of new products such as leasing, TradeLine, Credit Éclair, 4to4, and mortgage at BCR, providing a platform for the future growth of the country and bringing new financial services within reach of Rwandan people. A series of training programmes at the bank have equipped employees with the skills they need to drive growth into the future. Finance department employees have all received IFRS training and management information systems have been implemented to tighten corporate governance and improve financial visibility. Policy and procedure manuals have also been put in place.





AMSCO BV Abridged Financials

Abridged Income Statement

	2008 \$	2007 \$	2006 \$
Revenues	31,989,530	28,394,883	22,501,239
Cost of sales	(25,868,748)	(23,056,792)	(18,571,296)
Gross profit	6,120,782	5,338,091	3,929,943
Other operating incomes	544,785	563,471	447,779
Administrative and other operating expenses	(6,128,422)	(5,482,228)	(3,803,580)
Finance income and expenditure	(388,603)	272,958	271,095
Non operating incomes	-	-	-
Profit/(Loss) for the year	148,541	692,292	845,237

Abridged Balance Sheet

	2008	2007	2006
ASSETS			
Non-Current Assets	1,316,851	236,931	170,523
Current Assets	7,334,476	7,225,759	5,471,318
TOTAL ASSETS	8,651,327	7,462,690	5,641,841
EQUITY			
Equity	3,277,556	3,129,015	2,436,723
Liabilities	5,373,771	4,333,675	3,205,118
TOTAL EQUITY AND LIABILITIES	8,651,327	7,462,690	5,641,841

ATMS Foundation Abridged Financials

Operating Statement

	2008 \$	2007 \$	2006 \$
EXPENDITURE			
Administrative expenses	(751,241)	(777,334)	(553,645)
Training expenses reimbursed to Clients	(878,915)	(1,012,887)	(523,978)
Management support paid to Clients	(1,145,805)	(1,001,606)	(375,229)
Training execution fees paid to AMSCO	(229,785)	(248,471)	(128,429)
Funding for AMSCO Projects	(288,911)	(639,837)	(413,413)
Restructuring cost	-	-	(95,784)
Gender Mainstream	(107,394)	-	-
Total Expenditure	(3,402,050.55)	(3,680,135)	(2,090,478)
Capital Grant	-	-	-
Finance income and expenditure	129,876	493,447	461,630
Net Expenditure	(3,272,175)	(3,186,688)	(1,628,848)

Abridged Balance Sheet

	2008	2007	2006
ASSETS	6,424,745	8,032,842	4,361,101
LIABILITIES AND FUND CAPITALISATION			
Long Term Liabilities	1,000,000	-	-
Short Term Liabilities	327,646	646,055	742,693
Fund Capitalisation			
Opening Balance	7,386,787	3,618,408	5,247,255
Funds Received from Donors	982,487	6,955,067	-
	8,369,273	10,573,475	5,247,255
Less: Net Expenditure	(3,272,175)	(3,186,688)	(1,628,848)
Total Fund Capitalisation	5,097,469	7,386,787	3,618,408
TOTAL LIABILITIES AND FUND CAPITALISATION	6,424,745	8,032,842	4,361,101



"In AMSCO/ATMS' 20 years of building sustainable African enterprises and human capital, UNDP has been a close partner and shared in the achievements in supporting SMEs in Africa. The value added by the ATMS

Project and its catalytic role in transforming small businesses is commendable. It has also contributed to employment creation and poverty reduction. But the market and economic conditions in Africa are changing fast and this requires greater innovation and repositioning to enable the ATMS Project maximally to respond to the changing dynamics and needs. A key dimension of this re-positioning should be to ensure greater national ownership and to better mainstream the project into national wealth creation strategies. As a privileged partner of the ATMS Project, UNDP is committed to supporting the scaling up of the gains made by this important initiative that is focused on assisting the budding private sector in Africa"

Tegegnetwork Gettu

Assistant Secretary-General, Assistant Administrator and Director of UNDP's Regional Bureau for Africa
United Nations Development Programme

management team



Paul Malherbe
CEO and Managing Director



Adayapalam Sankaran Mani
CFO and COO



Daniel Ohonde
Regional Manager West Africa



Abraham Lanor
Regional Manager Southern Africa



Kofi Andah
Regional Manager East Africa



Heather Wildman
Recruiting Manager



Pauline Mbayah
ATMS Foundation Director



Anabela Appleton
Company Secretary/
Donor Relations Coordinator



Fatuma Abdullah
Business Process Manager



Phetsile Ndzinisa
HR Manager



Nkosikhona Mahlangu
Senior IT Officer



Vusa Vundla
Portfolio Manager



Albert Gumbo
Communications and
Marketing Manager

The best time to plant a tree
is twenty years ago.
The next best time is now.

- African Proverb





“Supporting growth and expansion of micro-enterprises and SMEs remain high on the priority agenda of AfDB. In fact, at least one third or \$1.2 billion of the Private Sector Department’s financing during past ten years or so, has been channeled through financial intermediaries to the micro and SME sector. We continue to believe in the critical importance of building entrepreneurship from the grass root level as a means of poverty alleviation and in building the foundations for accelerated job creation, increased income generation, expansion of existing and the establishment of new enterprises that spur further economic growth.

However, the global financial crisis is having a devastating impact on African economies including the private sector and SMEs. Foreign direct investment is declining, liquidity is drying up in the banking sector, cost of funds is rising. The diminishing availability of credit inhibits trade, postpones the completion of critical projects in infrastructure, slows down industrialisation and SME growth, and reduces Africa’s productivity and competitiveness as well as access to global markets. Sustained access to affordable finance is critical and the recent efforts by ATMS/AMSCO of linking SMEs to local financial institutions is a commendable initiative. The AfDB is pleased to have been associated with ATMS/AMSCO for many years. In the challenging times Africa is facing, the AfDB believes that SME capacity building and the role of ATMS/AMSCO remains more important than ever.”

Tim Turner

*Director Private Sector and Microfinance Department
AfDB (African Development Bank)*

our footprint



regional offices

East Africa:

Regional Office, East Africa

ACS Plaza, Lenana Road
PO Box 16908-0010
Nairobi, Kenya
Tel +254 20 386 1611 / 387 4378
Fax +254 20 387 4269
e-mail: roea@amscoBV.com

Southern Africa:

Regional Office, Southern Africa

4 Fricker Road, Illovo Boulevard, Illovo
PO Box 41706, Craighall 2196
Johannesburg, South Africa
Tel +27 11 219 5000
Fax +27 11 268 0088
e-mail: rosa@amscoBV.com

West Africa:

Regional Office, West Africa

Hse. No 1 Central Link Street, South Legon
PO Box CT2638, Cantonments
Accra, Ghana
Tel +233 21 513 152-6 / 701 2170-1
Fax +233 21 509 069
e-mail: rowa@amscoBV.com

Country Office Nigeria:

IFC Office, Maersk House (1st Floor)
121 Louis Solomon Close (Off Ahmadu Bello Way)
Victoria Island
Lagos, Nigeria
Tel: +234 1-2799400; 2718738/9
Fax: +234 1-2793618/9

Country Office Cameroon:

c/o UNDP/UNOPS
PO Box 836
1017 Nouvelle Route Bastos
Yaoundé, Cameroon

Country Office Senegal:

Immeuble OASIS, No 10
BP 3296
Route du Meridien, Les Almadies
Dakar, Senegal
Tel +221 33 820 73 06
Fax +221 33 320 73 06

Operational Head Office:

4 Fricker Road, Illovo Boulevard, Illovo
PO Box 41706, Craighall 2196
Johannesburg, South Africa
Tel: +27 11 219 5000
Fax: +27 11 268 0088
e-mail: info@amscoBV.com

Head Office:

Dam 5b, Unit A,
1012 JS, Amsterdam, The Netherlands
Tel: +31 20 664 1916
Fax: +31 20 664 2959

www.amsco.org

