



ANNUAL REPORT 2009



Tradition



Longevity



Pride



Ingenuity



Strength

Uniqueness

Endurance

Sustainability

THE RESILIENCE OF AFRICA

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Resilience the Boobab



The Baobab (Adansonia Digitata) is an extremely hardy tree unique to Africa. It can live for thousands of years, but grows very slowly - taking a millennium to reach a girth of five meters. One particularly large specimen was noted by David Livingstone in his travels, whilst others found on Mombassa Island were in their prime when Vasco da Gama landed there in the 16th century. Some still hold cannonballs in their trunks fired during battles centuries ago! Life would be insupportable in some parts of Africa without the baobab. In the Sudanese wastelands, there are 30,000 of these trees from which people have drawn water for centuries. One baobab may hold as much as 4,500 litres of water.

Who we are

AMSCO administers the African Training and Management Services (ATMS) Project of the United Nations Development Programme (UNDP) and is a pioneer of capacity and skills development within the African SME sector. AMSCO's ability to strategically place globally experienced managers in its client companies and 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 capacity development. 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.

The ATMS Foundation, which also falls under the ATMS Project, provides support to the SMEs most in need, those to which AMSCO can deliver the greatest developmental impact.

The ATMS structure

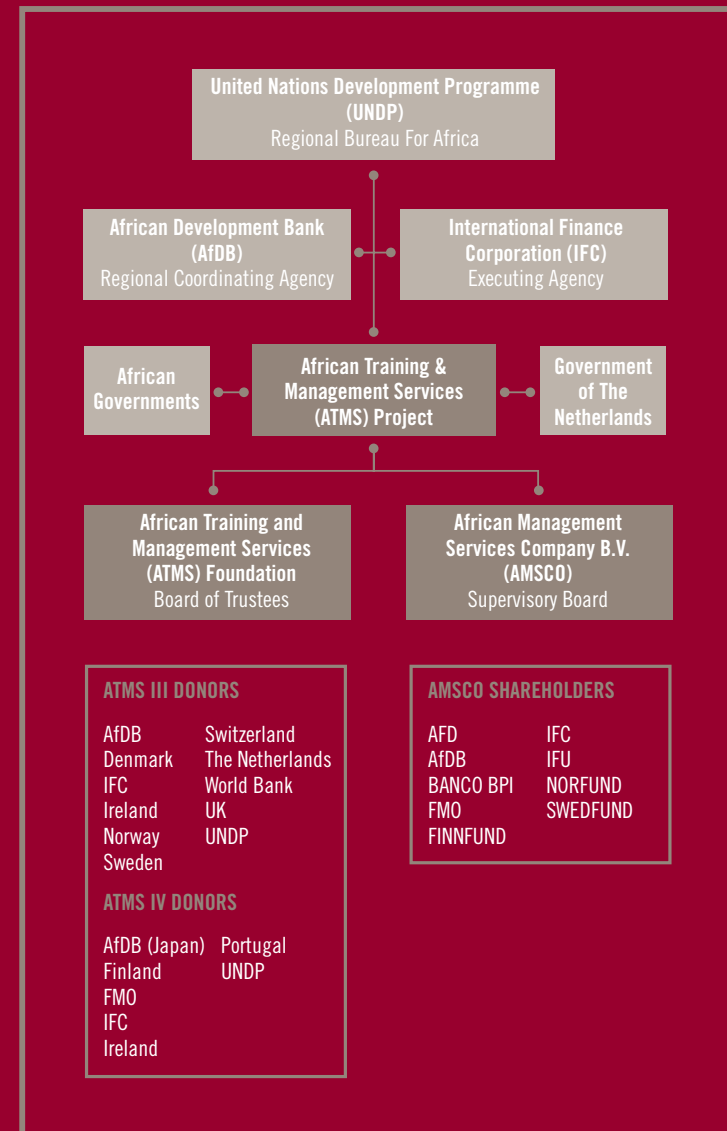
The ATMS Project is a regional project of the UNDP. The International Finance Corporation (IFC) is the executing agency of the ATMS Project. The African Development Bank (AfDB) is the regional co-ordinating agency. AMSCO BV and the ATMS Foundation are responsible for the implementation and funding of the project respectively.

AMSCO BV is a limited liability company incorporated on 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 IFC in its capacity as executing agency for the ATMS Project to serve in the distribution of donor funding. 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.

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 Structure



Our vision

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

Our mission

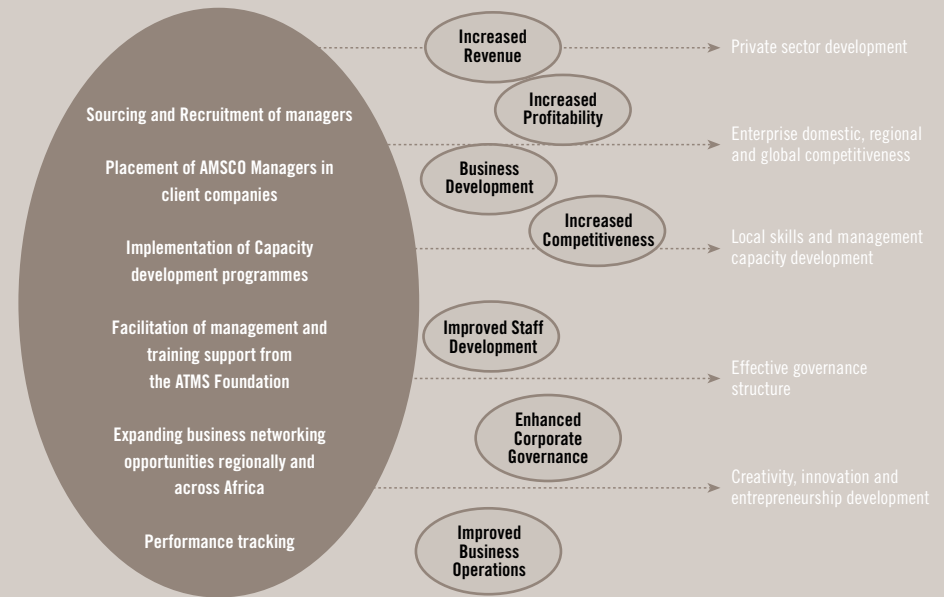
To build management capacity within African enterprises by providing management and training support, primarily to African SMEs.

Our values

- Passion
- People
- Team work
- Excellence
- Customer Satisfaction



AMSCO Value Proposition



Message from the AMSCO Chairman



We are optimistic that with continued stakeholder support, AMSCO will be able to expand its programs in a number of new countries in sub-Saharan Africa, where the demand for services continues to be great.

2009 was a very challenging year for AMSCO in a number of respects, but, at the same time, further progress was made to strengthen the Company's internal procedures and its capacity to measure Development Impact.

The global economic decline adversely affected Africa as international markets became more difficult, domestic markets weakened and remittances from the African Diasporas diminished. Some AMSCO clients, especially among the smaller ones, found they could no longer afford the costs of the AMSCO Managers. Prospective new clients faced the same dilemma. As economies deteriorate, companies need better management to survive, but the costs of that improved management is often an obstacle to moving forward. AMSCO management did everything reasonably possible to maintain its programs and succeeded in keeping the number of clients and managers only slightly below 2008 levels.

Coupled with this general economic malaise, AMSCO struggled with operational issues in their relationships with governments in a couple of key countries. Governments have questioned the long-standing accreditation processes and the privileges and immunities that go with accreditation. By the end of 2009, encouraging progress had been made to resolve these issues, but the inability to obtain accreditations in a timely way in those countries through most of 2009 resulted in reduced levels of operations.

It is a tribute to the management and staff of AMSCO that they have dealt with these problems and continued to focus on operational improvements to ensure that the groundwork is there to expand the programs in 2010 and beyond. Staff turnover has been reduced, the Measurement and Evaluation System that was begun in 2008 has been strengthened and refined, and the project approval process has been revised to enhance AMSCO project selection.

We are optimistic that with continued stakeholder support, AMSCO will be able to expand its programs in a number of new countries in sub-Saharan Africa, where the demand for services continues to be great. In the past, AMSCO has struggled to identify managers in non-English speaking countries, which has made it impossible to meet the need of prospective clients in a number of cases. With greater presence on the ground and strengthened recruitment capacity in Francophone Africa, we are optimistic that some of these obstacles will be overcome in 2010. These internal improvements, coupled with the expected improvements in global and African economies should enable AMSCO to return to more normal and expanding operations over the next couple of years.

Paul R Hinchey

Chairman of AMSCO Board of Directors

IFC – INTERNATIONAL FINANCE CORPORATION

Message from the CEO and Managing Director



The impact on Africa of the financial crisis is still felt in numerous ways.

Perfect storm is an expression used in climatology that describes an event where a rare combination of circumstances will aggravate a situation drastically. This is normally being referred to in changing weather patterns that lead to a severe storm.

Add the following combination of circumstances to draw a picture of the AMSCO operational landscape in 2009: A global financial crisis that severely impacted Africa in 2009 and, reduced GDP substantially in certain countries; Some African governments re-evaluating their modes of support to SMEs, thereby severely hampering AMSCO's ability to operate in their countries; The dollar weakening substantially against developing currencies; Donor financial support that is key to SME development in Africa, in general being less forthcoming. The result of these circumstances was AMSCO's own perfect storm in 2009.

The ATMS Project is dependent upon host governments according it specific status as a project of the UNDP, thereby allowing AMSCO to assist businesses in these countries. Since early 2008 challenges were experienced in a handful of countries that operationally hamstrung AMSCO and severely limited our ability to serve deserving clients in these markets. Each of these instances has received much Management and Board attention to be resolved. Although headway has been made, these impasses remain an impediment to AMSCO's revenue targets, development impact and, ultimately, the ability of AMSCO to sustain itself. As Management we are optimistic that the major obstacles will be removed in 2010.

The other ingredients of the 2009 perfect storm combined to ensure that AMSCO did not remain immune to the challenges faced by its client market. The impact on Africa of the financial crisis is still being felt in various ways: remittances by Diasporas play a major role in several African economies and these have dwindled substantially; the bottom fell out of commodity prices last year which added to reduced revenues for companies, and indeed governments; Africa-trade with Europe, Asia and the Americas took a severe blow due to their economic slow-down and, finally, commercial lending and equity investment institutions tightened lending criteria to limit credit to businesses.

Yet, despite all of these external factors, one asset on the continent keeps growing in stature through storm and challenge – human resilience. Faced with extensive external hardships, African businesses and particularly SMEs, dug in their heels and in many instances worked with AMSCO to ensure their survival in these trying times. AMSCO, with support provided by the ATMS Foundation, was able to provide more than \$816,259 in support of management salaries and \$669,520 towards training and development activities of our clients. Although history has shown that training is amongst the first expense lines that get reduced when times are challenging, the Capacity Development team was still able to train 5,050 client employees (2008 – 4,991) on a broad range of programmes. Of these individuals, 46% were female.

Within AMSCO, the determination of our team was also evident in the implementation of several process and operational changes that are intended to improve efficiency and ensure client service. Indeed, this was underscored by the whole team embracing our collective values – Passion, People, Team work, Customer Satisfaction and Excellence. These values underline all dealings with stakeholders, governments and more importantly our clients and AMSCO Managers. These five values guide us in improving processes of financial controls, recruitment and other operational activities. By international standards, early terminations of AMSCO's expatriate managers are better than the norm. However, by our own standards this needs improvement and as such a specific project to address early terminations was implemented: Improved recruitment vetting of prospective AMSCO Managers, better induction of these managers when they take station (as well as client induction), assistance with successor identification and successor development and on-going relationship management. The goal is also that, through this encompassing process, AMSCO will increase its ability to recruit new managers through our own department.

This improved process together with diligent quarterly reporting by AMSCO Managers, should better indicate the development impact achieved through AMSCO interventions, ably tracked by the Portfolio Management team. Measuring development impact in our client portfolio is crucial, since this indicates the tangible impact that the ATMS Project has in sub-Saharan Africa enterprises. At 31 December our client portfolio stood at 181 clients and 270 AMSCO Managers; 76% of our clients are SMEs.

The financial results for the year under review are a tale of two sides – external influences versus internal prudence. The country challenges and the financial environment were the major contributors to total revenues of \$30,031,834 being less than the budgeted amount by 13.8%. Operating gross margins of 19.1% were in line with the previous years. Operating expenses were exceptionally well managed and recorded a marginal increase of 2%; this is in spite of the US Dollar (our reporting currency) weakening against local currencies by up to 28% and inflation as high as 18% in certain operating countries. Ultimately, AMSCO posted its fifth profitable year in succession, with profits amounting to \$13,612. Considering the operating environment, this is a remarkable achievement by the team.

The business world is filled with optimism for 2010 and beyond. At AMSCO, we share this optimism but also hold the view that the recovery will take time to be felt in our region. AMSCO will use lessons learnt in the past 2 years to strengthen relationships with host governments, UNDP, IFC, AfDB and other stakeholders, and seek further opportunities for collaboration. This will include cooperative projects to serve African businesses.

I would like to thank the Board of Supervisory Directors of AMSCO BV for their support during a difficult year, ably lead by the new Chairman Paul Hinchey. I express my gratitude to Morten Christiansen for calmly steering AMSCO over several years, and through turbulent times, until the end of his chairmanship in June 2009. Lastly I would like to thank the AMSCO team for their zealous commitment to the organization, without which the ATMS Project would have faltered.

Paul Malherbe

CEO and Managing Director of AMSCO BV

AMSCO

Board of Supervisory Directors

Paul R Hinchey
IFC - INTERNATIONAL
FINANCE CORPORATION
Chairman



Morten Christiansen
IFU - THE INDUSTRIALISATION FUND
FOR DEVELOPING COUNTRIES
Denmark



Helder J de Oliveira
BANCO BPI
Portugal



Hervé Gallepe
AFD - AGENCE FRANÇAISE DE
DÉVELOPPEMENT
France



Per Emil Lindoe
NORFUND - NORWEGIAN INVESTMENT FUND
FOR DEVELOPING COUNTRIES
Norway



Robert Zegers
AfDB- AFRICAN DEVELOPMENT
BANK



Our offering

AMSCO's offering consists of placement and capacity development. Results of the impact of AMSCO's offering are tracked through portfolio management metrics.

PLACEMENT

AMSCO sources world-class professional managers who are able to guide client companies through a process of business improvement and capacity building. Our managers are usually seconded to client companies for three years, with an option to extend their contract.

These managers help clients to improve operational and financial performance, build a strong base of skills among their own employees, and ultimately develop local managers to replace AMSCO expatriates.

CAPACITY DEVELOPMENT

AMSCO believes that skills development is the key to building better African businesses. It provides quality tailored training, mentoring, coaching and technical assistance programmes that enable its clients to enhance local management capacity as well as the skills of their staff.

AMSCO's Capacity Development department works hand in hand with client companies to carry out a skills audit and develop training plans which guide the staff development process. In line with its mandate of helping develop and grow local business service providers, AMSCO partners with reputable local training firms where possible.

For Capacity Development the focus is on five generic programmes in addition to the client specific programmes. In 2009, the department carried out the following activities:

Corporate Governance

Corporate Governance continues to be an area of focus for AMSCO using the expertise of partners such as the Institute of Directors in South Africa, Centre for Corporate Governance in Kenya and the Institute of Directors in Nigeria. A total of 39 employees from client companies took part in training programmes for directors. Of these employees, 77% were female.

Tradition the Maasai



The Maasai are an indigenous ethnic group of semi-nomadic people located in Kenya and northern Tanzania. Due to their distinctive customs - including their famed ability to jump high in the air - and dress and residence near the many game parks of East Africa, they are among the most well known of African ethnic groups. Although the Tanzanian and Kenyan governments have instituted programs to encourage the Maasai to abandon their traditional semi-nomadic lifestyle, the people have continued their age-old customs. Recently, Oxfam stated that their lifestyle should be embraced and learnt from due to their ability to farm in deserts and scrublands.

Executive Leadership Development

AMSCO has continued to grow and strengthen partnerships with institutions of good reputation such as Lagos Business School in Nigeria, PANESS Conseil in Cameroon, Institute for International Research (IIR) in South Africa and Strathmore Business School in Kenya. A total of 627 client staff members (of which 258 were female) were trained on strategy and executive leadership. Two non-clients and 12 AMSCO Managers were also trained.

Quality Management

During the year, 99 client staff participated in quality enhancement training programs; 47% of these were female. AMSCO, in conjunction with The World Food Safety Organization and QuaIMS Consult organised a programme on Hazard Analysis and Critical Control Points (HACCP) Food Safety Management Systems in Accra, Ghana. This programme was well received by the 20 participants drawn from hotel and food processing industries in Ghana and Nigeria. The programme also attracted three female participants from non-client companies.

HIV/AIDS, Health and Safety Environmental Standards

AMSCO recognises the impact of HIV/AIDS on companies' business performance and their sustainability, and continues to treat this area as one of strategic importance in client companies. A total of 242 staff were trained through various interventions on HIV/AIDS in the workplace, 91 of whom were female. This is in line with UN Millennium Development Goals (MDGs) 3 and 6.

Client Specific Programmes

The Client Specific programs are custom-made for the clients to address very specific needs with the aim of improving the effectiveness of company operations. These programs address the immediate skills needs of staff and range from technical, financial, computer, human resources, sales, marketing, administration to customer care training. The Client Specific programs continued to be executed during the year under review and formed 80% of the training carried out. The high percentage of staff trained in this category could to some extent be attributed to the need by companies to survive the challenging economic times and hence tended to focus on the training programs that would return immediate benefits. In 2009, AMSCO assisted clients organize over 140 such programs.

Gender Mainstreaming Pilot Programme

In keeping with UN MDG 3, AMSCO continued to execute on its Gender Mainstreaming Programme and completed its second phase. In this phase, the service providers carried out a Knowledge, Attitudes and Practices (KAP) survey in 15 client companies across all three regions of AMSCO's operations. The second phase was carried out by six local service providers across the regions. This survey achieved three main objectives, namely Awareness creation, Needs assessment and review of In-house practices.

Category of Training	Type of Training	No. of Companies Trained	No. of People Trained	No. of Females Trained
Corporate Governance	Corporate Governance	5	39	30
Executive Leadership Development	Strategic Planning for Global Competitiveness	5	60	12
	Senior and Executive Management & Leadership Development	40	154	26
	Middle Management Development/ 7 Habits of Highly Effective People	9	235	143
	Supervisory	9	178	77
Quality Management	ISO Certification, HACCP, TQM, IFRS	13	99	47
HIV/AIDS, Health and Safety, Environmental Standards	Awareness, Advice and Support	6	242	91
Client Specific Programmes	Industrial Training, Technical Skills, Machine Operation and Maintenance (Agricultural)	42	769	293
	Technical Training (Software), Hospitality, IATA, Project Management	23	697	311
	Finance, Income, Debt Securities, Mutual Fund Management, IFRS, Tax, Risk Treasury	21	157	71
	Basic Staff Training, Computer Courses, Cost Control, Pilot Training	30	772	254
	Marketing, Sales and Customer Care, HR, Communication, Presentation Skills	31	1,648	979
TOTAL NO. TRAINED		234	5,050	2,334

Other Participants Categories	No. of People Trained	No. of Females Trained
No. of Non-Clients Staff Trained	5	3
No. of AMSCO Managers Trained	12	2

Longevity Timbuktu (Timbuctoo)



Timbuktu (Timbuctoo) is a city in the Tombouctou Region in the West African nation of Mali. It is home to Sankore University and was an intellectual and spiritual capital and centre for the propagation of Islam throughout Africa in the 15th and 16th centuries. To this day, its three great mosques - Djingareyber, Sankore and Sidi Yahya - still stand as proud testaments to Timbuktu's golden age. Timbuktu is assumed to have had one of the first universities in the world and local scholars and collectors still boast an impressive collection of ancient Greek texts from that era.

PORTFOLIO MANAGEMENT IMPACT REPORT

The focus of the ATMS IV Project is to support SMEs with potential for growth and willingness to improve corporate governance which is critical to enhancing a company's competitiveness and its sustainability in the long term. The ATMS Project has set out its primary objectives as follows;

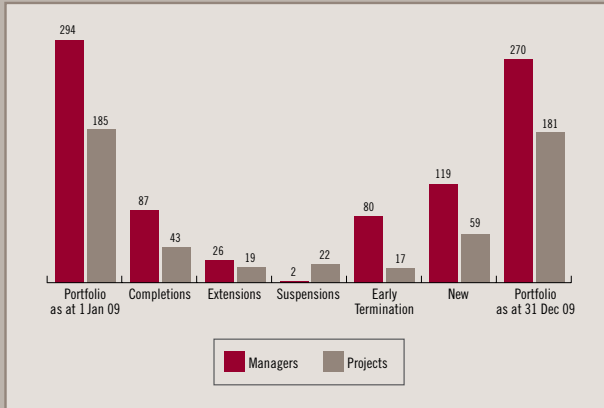
- To increase the number of SMEs assisted with interim management;
- To improve revenue of assisted companies;
- To improve profitability of assisted companies;
- To develop local successor managers and transfer managerial skills;
- To increase the number of local skilled employees; and
- To enhance employment creation and security.

AMSCO has established a real-time portfolio management system that tracks and reports on the portfolio's performance based on the mandated outcomes. This report highlights how AMSCO has performed in relation to the stated objectives and against the defined baseline date of each company.

The report covers a period during which the global economy was experiencing unprecedented challenges. Though not spared the effects of the downturn, the AMSCO portfolio managed to hold its own and showed an ability to adapt to a dynamic and unpredictable environment.

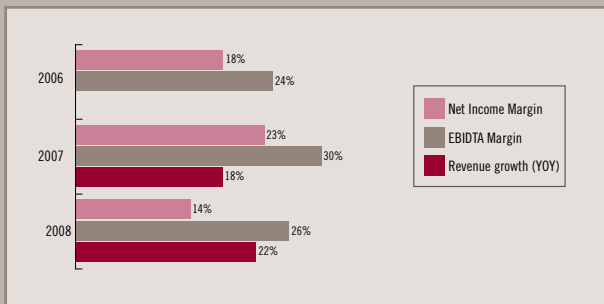
THE YEAR'S SALIENT FEATURES	
181	Number of active Projects by end of 2009
270	Number of managers seconded to client companies by end of 2009
55,000	Total employment supported by AMSCO in 2009
76%	Share of SME's in the portfolio
US\$1,9 billion	Total portfolio revenue as at 31 December 2008
US\$300 million	Net portfolio profit as at 31 December 2008
US\$44 million	Taxes paid by the AMSCO portfolio to governments in 2008
5,050	Total number of employees trained as of December 2009

Portfolio Movement



AMSCO seconded 357 management professionals to 224 client companies during the period January to December 2009. AMSCO successfully exited 43 projects where 87 managers completed their assignments. SMEs accounted for 76% of the active portfolio. The client portfolio shrunk by 2% as at December 2009 as a result of the economic slowdown. 53% of the AMSCO managers occupy senior to executive level management positions, while 32% are functional heads, 10% operational and 5% in technical positions. AMSCO, through its managers, is in a good position to influence performance in the client companies.

Portfolio Margins



Net profit was reduced by an adjustment by a client in the forestry sector as a result of a decrease in the price of logs. This widened the gap between EBITDA and net income margins from 7% in 2007 to 12% in 2008.

Pride the African Woman



For many thousands of years the African woman has been worshipped and idolized by individuals, families and nations - not only in Africa but around the world. Ancient records show her as queen, fertility or rain goddess, scholar, diplomat, scientist, prophet and freedom fighting warrior often exalted above her father, husband and brothers. The African woman has administered great and mighty nations, led determined and capable armies into battle and founded splendid and enduring royal dynasties. Indeed, no other human of any racial or ethnic type has been so widely venerated as has the African woman.

Towards the UN Millennium Development Goals

MDG 6: COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES

The ATMS Project, through the ATMS Foundation and AMSCO, began to explore ways in which the challenge of HIV/AIDS could be addressed in a sustainable manner in the African private sector. This aligns with UN MDG 6.

The search for solutions led to a reputable and reliable service provider in Care Works Africa and its subsidiary, Care Works HIV Management. The ATMS Foundation funded awareness-to-action training, counselling & testing for all AMSCO staff based at Head Office and the Regional Office for Southern Africa.

At the same time, AMSCO observed Care Works running a similar workshop for a construction company in Johannesburg.

Once satisfied with the Care Works programme, AMSCO and the ATMS Foundation approached an AMSCO client, South African Fruit Exporters (SAFE), to run the programme as a pilot on one of their farms in the Eastern Cape of South Africa. Sunland Farm employs 800 permanent and seasonal employees and they readily agreed to run the programme for the following reasons:

- The death rate from HIV-related illnesses was high
- 25% to 28% of the work force was HIV positive
- The organisation was continuously losing key personnel, especially in specialised areas such as the pack house. This resulted in a loss of experience to the business and increased the cost and time spent in training new staff members
- As a socially responsible business, SAFE had to act on the crisis

Staff Response

Permanent workers were initially apprehensive due to fears of confidentiality. But in the end, 86% of the 660 staff members who were available during the sessions went for voluntary counselling and testing. The overall prevalence HIV-positive rate was 26%. 98% of attendees were counselled and only two staff members did not collect their test results.

Patient Management

One of the reasons the ATMS Project selected Care Works as a partner is because of its excellent patient management system.

This confidential system allows staff to get in touch with Care Works HIV Management for on-going counselling. Sunland Farm management are installing a telephone line to make this even easier. Normally, workers visit a state Antiretroviral (ARV) clinic to obtain their medication. However, there are factors that work against this:

- The clinics are located in the workers' own communities and there is stigma attached to being seen at the clinics
- Workers do not always receive the respect and confidentiality that one would expect in such a facility
- Workers have to take time off from work to go and visit the clinic





Medical Centre

Conscious of these factors, Sunland Farm management invested \$40 000 in renovating a building on the farm and transforming it into a modern medical centre complete with medical doctor, nursing sister, consulting rooms and dispensary. Minimum fees are charged to workers.



The medical centre is a general practice with a dispensary hatch hidden in a recess along the wall in one of the corridors to guarantee confidentiality. No patient can tell what medicine another patient is being given. ARV's are dispensed within three days and education and counselling are on-going. Workers are educated about HIV related facts like Viral Load and CD 4 count. The medical centre serves the broader community as a general medical practice.



Future Plans

The ATMS Management intends replicating this approach across its client portfolio.

Ingenuity the Great Pyramid



The Great Pyramid of Egypt (tallest of the three pyramids in Giza) is the oldest of the Seven Wonders of the Ancient World and is the only one that survives substantially intact. It was the tallest man-made structure in the world for over 3,800 years. Originally the Great Pyramid was covered by casing stones that formed a smooth outer surface, and what is seen today is the underlying core structure. There have been varying scientific and alternative theories regarding the Great Pyramid's construction techniques. Most accepted hypotheses are based on the idea that it was built by moving huge stones from a quarry and dragging and lifting them into place.

MDG 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

Project Background

AMSCO and the ATMS Foundation are supporting Zambia as it pioneers a new concept in African conservation, a “Community Partnership Park”. Such a park is a protected area with the status of a national park, but which belongs to the local community rather than to the State, and is managed by a private sector partner. Almost half of the Bangweulu Game Management Area (GMA) is to be proclaimed as the Chikuni Community Partnership Park (CPP). The proposed Chikuni CPP is a 2,900 km² area within the Bangweulu GMA and supports a wide range of endangered flora and fauna. AMSCO has seconded a Park Manager to the project and the ATMS Foundation has provided training support.

Park Management

2009 saw the number of permanent employees under the project grow from two (Park and Finance Managers) to 96. A code of conduct, conditions of service and contracts were drafted, approved and implemented. The project has been branded with a new logo and corporate image.

The new project headquarters site was identified and approved in October 2009, and a 7km road has been opened to allow access. The sites for the offices, workshop, stores, housing and a visitor’s camp have been cleared, and a temporary camp for the project has been established. An architect was engaged to design the building and an Environmental Impact Assessment (EIA) brief has been drafted and submitted to the Zambian Environmental Council for approval.

A temporary office, two scout houses and a manager’s house in Chikuni were renovated. Two bridges and a series of culverts have been constructed. Once the road is upgraded in 2010 there should be all season access to Chikuni. An area for a new airstrip has been identified, pending formal approval to commence clearing and construction. Communications have also improved with the installation of a satellite internet system and a VHF radio network linking all outposts.

Conservation

The priority for the conservation component of the project was to establish baseline data for the project and get an overview of the area for future zoning, planning and management. To this end, an aerial survey of the entire GMA was conducted in October 2009. Two planning meetings were conducted by the Zambian Wildlife Authority (ZAWA) to draft a general management plan for the Bangweulu GMA.

Basic GPS data, maps, shape files and tracks were collected to form the start of a database. An area has been proposed and in general agreed upon for the restocking enclosure. Management is seeking to reintroduce cheetah into the area by 2011.

Community

The community team has been recruited and a Community Coordinator appointed to oversee six Community Development Facilitators (CDFs) and a driver. For effective operations, transport has been made available for the CDFs in the form of a motorcar, four motorcycles and two outboard motorboats. Training has been conducted for the CDFs and this included a look and learn trip to Namibia for all the chiefs in the area. In the interest of building mutually beneficial relationships with the community, the board plays a very active role in this aspect of the project.

A strategy for the training and sensitisation of local fishermen has commenced with the involvement of the local Fisheries Authority. Motorcycle and coxswain training has also been conducted. A site and plans have been agreed upon for a Community Campsite and a second site for next year has been identified. Community development fund proposals have been collected, approved and funded and are now in the process of being implemented. Stakeholder meetings have been conducted on sharing of benefits, sustainable management of fishing, information sharing and planning.





Tourism

Tourism has not been a focus for 2009 as it is the project's first year and getting the project up and running has been the priority. However, a community campsite has been agreed upon and discussions have opened with Kasanka Trust over the management of Shoebill Camp. Hunting generated over \$127,000 by the end of 2009.



Finance and Administration

Supporting financial contributions were received from WWF Netherlands, UNDP, the ATMS Foundation and Stichting African Parks Foundation. In keeping with sound corporate governance, an audit for the end of 2008 was conducted. Income targets set by the Board were achieved and collected by ZAWA. Furthermore, bank accounts and systems are in place with Pastel accounting software installed and fully operational. This allows for better tracking of project expenditure and more accurate reporting internally and to donors.

Strength Lalibela



One of the most enduring, and endearing, forms of construction is called rock-cut architecture, where buildings are literally hewn out of solid rock. A superb example of this is in "Lalibela", a town in northern Ethiopia, where numerous churches not only still exist, but are actually used for the purpose of worship to this day. These structures, which date from the 12th and 13th centuries, are the last significant examples of this architectural form in Africa and rank among the most magnificent examples of rock-cut architecture in the world, with both interior and exterior brought to fruition.

AMSCO Financial Overview

Abridged Statement of Income

	2009 US\$	2008 US\$
Revenues	30,031,834	31,989,530
Cost of sales	<u>(24,288,616)</u>	<u>(25,868,748)</u>
Gross profit	5,743,218	6,120,782
Other operating income	499,845	544,785
Administrative and operating expenses	(6,228,207)	(6,128,422)
Finance income/expenditure	(1,244)	(388,604)
	<u>(5,729,606)</u>	<u>(5,972,241)</u>
Total comprehensive income/expense for the year	<u>13,612</u>	<u>148,541</u>

Abridged Statement of Financial Position

Assets

Non current assets	1,224,371	1,316,851
Current assets	8,342,935	7,334,476
Total assets	<u>9,567,306</u>	<u>8,651,327</u>

Equity and Liabilities

Equity attributable to equity holders	3,291,168	3,277,556
Liabilities	6,276,138	5,373,771
Total equity and Liabilities	<u>9,567,306</u>	<u>8,651,327</u>

KPMG Accountant N.V. the company auditors, have issued an unqualified opinion. The complete audit report is available at the company registered office.



The past year has tested the resilience of African economies and the commitment to reforms that have delivered strong development impact over the past decade. More than ever, companies have needed strong, qualified leaders and managers to help them navigate. AMSCO has played an important role in helping companies and their workers survive and even thrive by ensuring more executive talent is available where it is needed most.

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

AMSCO Management Team



Paul Malherbe
CEO and Managing Director



Adayapalam Sankaran Mani
CFO and Interim Regional
Manager West Africa



Abraham Lanor
Regional Manager Southern Africa



Kofi Andah
Regional Manager East Africa



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Capacity Development Manager



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Human Resource Manager



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Portfolio Manager



Heather Wildman
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Mohammed Ky
Deputy Regional Manager
- West Africa



Fatuma Abdullah
Business Process Manager



Albert Gumbo
Communications and
Marketing Manager



Nkosikhona Mahlangu
Senior IT Officer

Message from the ATMS Foundation Chairman



Despite the financial difficulties, the Foundation disbursed a total of US\$1.7 million towards SMEs in Africa.

In what was a very difficult year for most economies, demand for support from the ATMS Foundation was high. The Foundation issued commitments to SME's in Africa in support of Management and Capacity Development to the tune of US\$3.3 million in the year under review compared to US\$1.2 million in 2008. 34% of the commitment was issued towards the Financial Services and Insurance sectors across Africa. This increase in support to African enterprises, in over ten economic sectors, was made possible by the sterling efforts of the fund raising team and a pleasing response from all our stakeholders to whom we are very grateful.

Despite the financial difficulties, the Foundation disbursed a total of US\$1.7 million towards SMEs in Africa. Implementation of Capacity Development activities was negatively impacted by the lack of operating cash flow of ATMS Clients who were unable to meet their sharing ratio of committed funds. Management support is key to SME development as not all enterprises can afford the services of an expatriate manager. The presence of the latter is vital for the enhanced competitiveness, profitability and sustainability of many a SME in sub-Saharan Africa.

As you will see from the details in the Capacity Development report, important strides continue to be made in the area of gender in pursuit of Millennium Development Goal 3. Not only is the number of women trained increasing - double the number were trained over the prior year - I am also pleased to report that phase two of the Gender Mainstreaming programme was completed in May. The ATMS Project is looking forward to taking the Gender Mainstreaming programme to the next level with other possible partners in Africa.

Another important milestone was the Executive Leadership development programme, specifically targeted at AMSCO Managers in Southern Africa, which was held in Zambia. Succession planning skills, a critical component for SME development, was a fundamental part of the training agenda.

Furthermore, it is good to note that the challenges facing AMSCO operations in various African countries in 2008 have largely been resolved. This implies an increased demand for grant funding in the years ahead. This, in combination with the commitment from Donors to ATMS resulting in over US\$8.2 million to date makes us confident that we will largely be able to achieve our mandate.

During the year, we bid farewell to a dedicated and committed member of the board in Imoni Akpofure. She really has been very valuable to ATMS and to me personally. She has been replaced by Mary-Jean Ndlovu, also from IFC, and I welcome her to the Board of Trustees as I do Ali Mufuruki who comes in as an Independent Trustee.

In closing, allow me to offer my congratulations to the Foundation Director, AMSCO staff, shareholders and the Board of Directors and Trustees for helping to steer the ship through a challenging 2009 and look forward to 2010, a year full of promise in Africa.

Jan Berteling

Chairman of ATMS Foundation Board of Trustees

ATMS Foundation

Board of Trustees

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Fund Raising

The funding budget for ATMS IV is US\$25 million. As at December 2009, total commitments from donors amounted to US\$8.2 million. During the 2009 period the ATMS Foundation received commitments from AfDB (Japan), Finland, FMO and Portugal adding to the commitments received in 2008 from UNDP, IFC and Ireland.

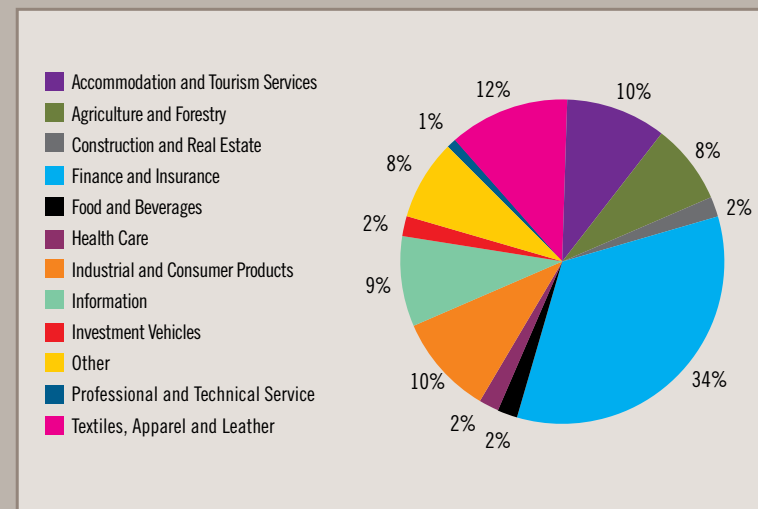
Commitments to clients and AMSCO Projects

During the year under review, the ATMS Foundation had commitments of US\$5,303,254 to AMSCO clients and projects for a three-year period. Of that amount, a total of US\$3,329,134 was allocated to 42 new clients spread across East, West and Southern Africa to be used over the same period. The allocation was split as follows- US\$1,881,277 for training and the balance of US\$1,447,875 for management support.

These numbers include commitments made in ATMS III and represent a significant improvement over the allocation of US\$1,188,850 of 2008. The total commitment came close to the budgeted client commitment figure of US\$3,474,002 outlined in the ATMS IV project document.

By the end of 2009, the Foundation had disbursed US\$1,670,625 with US\$816,259 and US\$854,365 allocated for management and training support. The Foundation dispersed a total of US\$2,254,505 in the previous year.

Commitments by Sector



Uniqueness the Hausa



The Hausa are a Sahelian people chiefly located in the West African regions of northern Nigeria and southeastern Niger. Initially, there were seven Hausa kingdoms which traded gold, cloth and leather goods between the Niger River and Lake Chad. They have a rich literary heritage dating from the fourteenth century and are heirs of a civilization that has flourished for over a thousand years in West Africa. The Hausa also have an architectural legacy represented by the Gidan Rumfa, or Emir's palace in Kano at the center of what is the economic capital of Nigeria. Thus, this unique culture testifies to the existence of a sophisticated, well organized society that predates the arrival of the European colonizers.

ATMS Foundation Reporting on Development Impact

The ATMS Foundation reports on the key development impact of the ATMS Project interventions in areas such as job creation, skills development, gender mainstreaming and growth in revenues and profitability in AMSCO client companies. This information is collected through AMSCO's Portfolio Management system.

Performance against project objectives

Indicator	Budget according to ATMS IV	Actual	Remarks
Clients at the start of 2009	193	185	Slightly below budget
New Clients	108	59	Low due to challenges in several African countries
Client contracts ending in year	65	43	19 client contracts extended
Clients at end of 2009	236	181	Below expectations due to suspensions of 22 projects and 17 early terminations

ATMS Foundation Financial Overview

Abridged Statement of Income

	2009 US\$	2008 US\$
Administrative expenses	(763,032)	(744,912)
Training expenses reimbursed to clients	(669,520)	(878,915)
Management support paid to clients	(816,259)	(1,145,805)
Training execution paid to AMSCO	(184,845)	(229,785)
Funding for AMSCO Projects	(234,563)	(228,911)
Gender mainstream	(91,813)	(107,394)
Total expenditure	(2,760,032)	(3,335,722)
Finance income/expenditure	60,074	123,547
Total comprehensive income/expense for the year	(2,699,958)	(3,212,175)

Abridged Statement of Financial Position

Assets		
Current assets	6,139,840	6,424,745
Total assets	6,139,840	6,424,745
Fund Capitalisation and Liabilities		
Fund Capitalisation	4,446,244	5,097,099
Liabilities	1,693,596	1,327,646
Total fund capitalisation and liabilities	6,139,840	6,424,745

KPMG Accountant N.V. the Foundation auditors, have issued an unqualified opinion. The complete audit report is available at the Foundation registered office.



'Africa's success in weathering the negative impact of the recent global economic downturn is due largely to improvements in macro-economic governance, and points to stronger fundamentals and an increasing resilience to external shocks. The budding private sector, including a growing and more vibrant SME sector has been a key factor in the increasing economic resilience. The partnership under the AMSCO/ATMS Project, and positive lessons coming out of the initiative, need to be deepened and scaled up to support greater economic growth, accelerated poverty reduction and to further enhance prospects for attaining the MDGs. UNDP is proud of its contribution, both technical and advisory to the initiative, and stands committed to deepening the partnership to support the rapid transformation of SMEs on the Africa continent.'

- Tegegnetwork Gettu

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

Sustainability the Khoi San



The Khoi San are the oldest human inhabitants of southern Africa, where they have lived for at least 20,000 years. Their home is the vast expanse of the Kalahari desert. They speak a variety of languages, all of which incorporate 'click' sounds represented in writing by symbols such as ! or /. They are hunter-gatherers who have supported themselves in the desert through remarkable skills. They hunt – mainly for various kinds of antelope – with hand-made weapons but their daily diet has always consisted more of the fruits, nuts and roots which they seek out in the desert. They make their own temporary homes from wood that they gather, but their nomadic existence sees them travelling large distances on a regular basis.

Project Highlight

Kilombero Plantations Ltd

Sector: Agriculture

Location: Kilombero District - Morogoro Region Tanzania

Number of Employees: 283

The Challenge

Cooperation between the Tanzanian and the North Korean governments led to the formation of Korean Tanzania Agricultural Company (KOTACO) in the mid-1980s. The goal of this company was to develop 5,000 hectares of irrigated rice and 10,000 hectares of palm oil in the Kilombero Valley.

By 1992, KOTACO had cleared 5,818 hectares, built a mini hydro power station and constructed roads and drainage ditches on 2,500 hectares, the largest area that was ever farmed. However before construction of the irrigation infrastructure was complete, KOTACO was liquidated in 1993, following the collapse of the Soviet Union. The Rufiji Basin Development Authority, on behalf of the Tanzanian Government took over the management of the company.

Between 1993 and 2007 the farm was leased to a series of tenants who failed to develop it. During that 14-year period, elephant grass and trees grew over much of the cleared area while over two thousand squatters moved into parts of the titled area. Only 400 hectares of Mngeta Farm was being commercially farmed when Kilombero Plantations Ltd took over the running of the farm in November 2007.

AMSCO Solution

AMSCO's intervention at Kilombero Plantations Ltd began in January 2008 with the secondment of a Business Development Director to KPL's parent company, Agrica Tanzania. In August 2008, AMSCO seconded an additional manager, to the post of Managing Director at Agrica Tanzania Ltd. This was followed by the secondment of a Crop Production Manager at Kilombero Plantations in January 2009, and in November of the same year, AMSCO seconded a Rice Mill Manager, to be responsible for post harvest management.

At the commencement of the contract, AMSCO's project deliverables included:

- 5,000 hectares under rice farming.
- Development of smallholder rice farming, including the introduction of the System for Rice Intensification (SRI), improved seeds, implements and marketing.
- Construction of cleaning, drying, milling, and storage facilities to handle high production volumes.
- Building the capacity, within Tanzania, that will enable the replication of the KPL model in other projects in the country.
- Technology transfer.

The AMSCO Impact

By December 2009, 3,204 hectares of the land had been put under rice cultivation and a further 2,750 hectares was cultivated for dry season crops such as soy beans, red beans, mung beans and pigeon peas. A 120 ton per day rice mill has been installed and is now operational.

Zero till cultivation technology is in use at the farm allowing for soil, water and biological conservation. Crop rotation and use of leguminous crops are being used to ensure soil conservation.

Kilombero plantations in collaboration with International Crop Research Center for Semi Arid Tropics have established demonstration plots for SRI. This technology is used to increase the smallholder yields from two to eight tons. The uptake of this technology is a major boost for the small holder contract farmers in the area. Furthermore, 10 smallholder rice farmers have been trained and assisted in establishing SRI on their plots.

One turbine of the hydro electric power plant is now operational and provides sufficient power for office and residential use. A 6,200m² factory facility for cleaning, drying, storing and milling of rice has been completed. Once fully operational, the company is expected to generate more than 20,000 tons of rice a year and employ more than 400 people.



The African Development Bank attaches great importance to assisting SMEs in Africa. SMEs provide the majority of private sector jobs, are an essential means to reducing poverty, and create important linkages with larger businesses. Small enterprises harness and employ the talent that assists the African continent to achieve lasting economic growth and are an important seed-bed for entrepreneurship. Despite the comparatively stronger resilience of small enterprises to market downturns, the recent financial crisis further aggravated their access to finance, and reduced their ability to invest and grow.

For African enterprises to successfully compete within the current challenging environment and to access global markets, innovation and enhanced productivity is key for harnessing their comparative advantages. In this respect, high quality human capital provided through the services of ATMS AMSCO, is critical for improved competitiveness. AMSCO has shown its capability in upgrading the management skills of SMEs and assisting achieving their objectives of becoming competitive local and global players. Independent impact evaluations have demonstrated a high growth of the AMSCO client companies. We are therefore proud to be associated to ATMS and AMSCO, not just to draw on its expertise for our own clients in Africa, but also assist where we can for AMSCO to grow its activities further on the African continent.

- Tim Turner

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

Project Highlight

KEMBE Holdings Limited

Sector: Manufacturing

Location: Lusaka, Zambia

Number of Employees: 222

The Challenge

Kembe Holdings Limited operates through two wholly owned subsidiaries, Kembe Cold Storage Corporation Limited (KCSC) and Kembe Tanning & Leather Limited (KTL). KCSC purchases and slaughters cattle using a modern mechanised animal slaughter line, then processes the meat to produce other meat products including sausages and cold meats. It sells its products wholesale and through 20 of its own retail outlets in Lusaka.

KTL operates a modern tannery that produces export-grade finished leather. Kembe plans to list part of its equity on the Lusaka Stock Exchange in the medium-term. Kembe wanted to grow from 'good to great' by raising capital on the Lusaka Stock Exchange and by improving its meat, tanning and leather operations.

AMSCO Solution

AMSCO seconded two managers to the company as Group Financial Controller and General Manager, both of whom had a deep background in their respective areas of expertise. AMSCO has since seconded a Tannery General Manager and Leather Finishing Manager to Kembe. In addition, the ATMS Foundation provided grant funding for management support and capacity development of staff at the company.

The AMSCO Impact

AMSCO's Managers gave direction to Kembe as it developed the meat processing plant, helping the organisation to improve its margins and bottom-line by offering value-added products to the market. They have also helped the organisation to diversify its sales products from beef and pork to chicken, fish, and dairy products.

With AMSCO's assistance, Kembe has made a number of improvements to its branding and marketing, retail strategy, production, IT systems and human resources practices that have helped the organisation to reduce costs and improve profits and turnover. These interventions – undertaken in a close working relationship with company executives – have helped Kembe move into profitability.

Since AMSCO's intervention, Kembe has improved its financial performance by almost doubling its turnover in three years from a revenue of US\$2.9m to US\$5.7m in 2009. Staff at the company have been trained in various aspects of the business that are important for its sustainability.

Kembe now plays a significant role in developing the meat processing and leather industries in Zambia and the region. It is poised to grow to the next level which is in line with AMSCO's vision of assisting African companies in becoming globally competitive, profitable and sustainable.



Project Highlight

BUETEC

Sector: Manufacturing

Location: Cameroon

Number of Employees: 303

The Challenge

BUETEC is a Cameroonian company established in 1997 to focus on industrial embroidery, particularly markings on textile, leather, synthetic and canvas supports. It boasts an embroidery unit with 40 terminals and a daily production capacity of 2,500 pieces, a silk-screen printing and transfer unit, with a capacity of 1,000 silk screen prints, and 2,000 transfer prints per day.

For many years the company has nurtured the ambition of adding a knitting and dyeing unit downstream and production of knitted polo shirts and t-shirts upstream. One reason for this is that BUETEC has seen its business seriously disrupted by problems of supply from overseas.

AMSCO Solution

AMSCO has been involved with BUETEC since May 2008. It seconded an expert from Sri Lanka to serve as its General Manager. It also provided funding support from the ATMS Foundation for management fees and training activities.

The AMSCO Impact

With the assistance of the AMSCO manager, BUETEC completed the construction and equipping of a knitting production unit with a capacity of three to four tons of unbleached fabric per day and a dyeing unit with a daily capacity of three tons. In addition, BUETEC has completed the setting up of an industrial unit of five production lines of 32 machines, each one capable of a daily output of 5,000 polo shirts and 15,000 t-shirts.

The organisation has also reported strong growth in revenues, which climbed from US\$1.2m in 2008 to more than US\$2 million in 2009. The number of employees has grown from only 17 before the AMSCO intervention to more than 300 at the end of 2009.



ATMS Foundation

Management

Pauline Mbayah
Foundation Director



Anabela Appleton
Company Secretary/
Donor Relations Co-ordinator



Endurance

Table Mountain



The original name given to this famed landmark by the first Khoi inhabitants was Hoeri 'kwagga (sea mountain). But 600,000 years before their arrival, prehistoric people had already left evidence of their existence in the form of arrow heads. Antonio de Saldanha was the first European to land in Table Bay in 1503 and it was he who named it Table Mountain. The great cross that the Portuguese navigator carved in the rock of Lion's Head is still traceable. Today, Table Mountain and its trademark tablecloth endures, as enthralling and inspiring a sight to its modern admirers as it was to its earliest discoverers.

Our Footprint



Appreciation

The boards of AMSCO and the ATMS Foundation, management and staff would like to thank the African governments, senior management of UNDP, IFC, AfDB, shareholders and donors for their continued assistance.

A special thanks to UNDP Regional Director, Mr T Gettu and UNDP Resident Representatives across Africa who make it possible for The ATMS Project to operate in African countries, thus enabling AMSCO Managers to make a difference in the development of SMEs across the continent.

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