

SMEs HELPING TO DRIVE AFRICA'S GROWTH

ANNUAL REPORT





The Boards of AMSCO and the ATMS Foundation, Management and staff would like to thank the African Governments, Management of UNDP, IFC, AfDB, shareholders and donors for their continued assistance.

A special thanks to Mr T Gettu - Assistant Secretary-General, Assistant Administrator and Director of UNDP's Regional Bureau for Africa 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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APPRECIATION

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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.

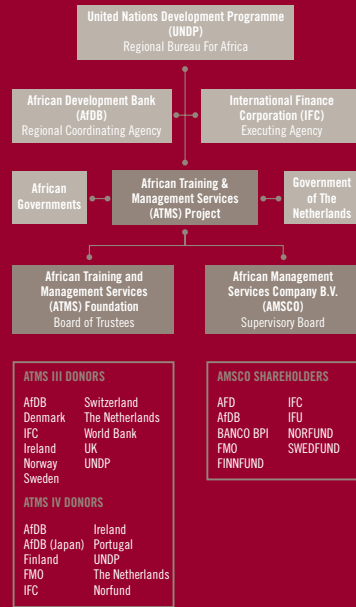
ATMS STRUCTURE

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.

The ATMS Foundation is funded by a number of committed bilateral and multilateral donors. A large portion of funds has gone to AMSCO's client companies to help cover the costs of management and training services provided by AMSCO.



ATMS III DONORS	
AfDB	Switzerland
Denmark	The Netherlands
IFC	World Bank
Ireland	UK
Norway	UNDP
Sweden	

AMSCO SHAREHOLDERS	
AFD	IFC
AfDB	IFU
BANCO BPI	NORFUND
FMO	SWEDFUND
FINNFUND	

The ATMS Structure



OUR VISION

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

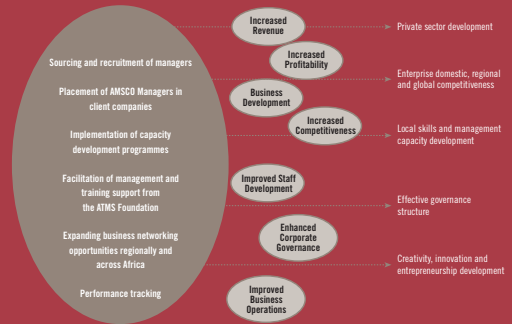
OUR MISSION

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

OUR VALUES

Passion, People, Team Work, Excellence and Customer Satisfaction

AMSCO VALUE PROPOSITION





In 2010 AMSCO consolidated its activities and performed better than expected financially and operationally, much of which can be ascribed to AMSCO's enhanced liaison with stakeholders. The importance of relationship building and engagement with local stakeholders has started to pay off and assisted in successfully addressing issues related to the AMSCO operational model in various countries.

Most of the operational matters under discussion with key governments were thankfully resolved and the company could recommence to market its services and to recruit and place much needed expertise in those countries that had been affected by earlier accreditation questions. I wish to firstly thank the UNDP and IFC for their continuing support in resolving the aforementioned challenges. I also wish to thank AMSCO Management for their patience, diplomacy and perseverance in handling these delicate matters. Accreditation processes by the local authorities have been improved further through new processes.

These signs of a return to normality in key markets were encouraging. Host governments are a key stakeholder in AMSCO's work and improved and close relationships with the relevant government departments are imperative. To this end, I am pleased to report that AMSCO has instituted a Country Activity Report to stakeholders and every government and stakeholder country office received at the very least one report in 2010. Depending on the level of activity, some countries received two or more reports. The Country Activity Report is a document that pro-actively highlights AMSCO's work in a particular country and the resulting development impact. It is a document that has allowed AMSCO, in more detail than an annual report allows, to demonstrate the alignment of its work with government priorities which include job creation, skills transfer, contribution to revenue authorities and overall SME growth. The report has helped to strengthen relationships with key gate keepers in key government departments as well as in keeping the UNDP, IFC and AIDB country offices abreast of developments involving AMSCO.

In keeping with relationship management, AMSCO Management also visited a number of stakeholders to discuss ways of maximising the potential synergies between them through increased collaboration, and the results of these efforts are encouraging.

Overall, the financial results have been stable with a modest yet positive end balance. These results are the consequence of a stronger operation in some countries, particularly in Francophone Africa, along with a slow restart in countries where activities were stalled earlier due to the accreditation challenges. It became clear that restarting in these countries would require some more time than earlier thought, and that the portfolio build-up would be a process of re-engaging with the local market, building trust and brand image, and identifying potential client companies with sufficient directly available funding. The end result is also achieved through prudence in expenditures levels, for which Management is commended.

The year 2010 is also important in the sense that a new strategy has been crafted and adopted by the AMSCO and ATMS boards. This strategy, in its execution, will see a gradual change in product offerings and market approaches, and will assist AMSCO to better align with available market opportunities, in particular in the area of 'recruitment'.

Having served on AMSCO's board of directors on behalf of the AIDB for the last three years, it is my pleasure to take over the role as Chairman from Paul Hinchey who has stepped down from this position as at 31st of December 2010. Paul, serving as Chairman on behalf of the IFC, has made an important contribution to the work of AMSCO, by being closely involved and advising AMSCO's Management in important areas such as internal controls, financial reporting and audits, human resources management, reporting to the board, etc. Thanks to his in-depth experience, Paul led the board in an exemplary manner, and the Board and AMSCO Management are grateful for his invaluable contributions.

Robert P.J. Zegers *Chairman of AMSCO Board of Directors (incoming)*

'In 2010 AMSCO consolidated its activities and performed better than expected financially and operationally.'



'AMSCO has been living our vision of assisting African enterprises'

CHAIRMAN'S MESSAGE

CEO'S MESSAGE



The financial turmoil of the last three years has highlighted the need for sustainable businesses staffed by skilled employees as a major counter-force to the challenges faced by those businesses. Without sustainable private sector enterprises, where SMEs play a pivotal role in driving growth, there can be no prosperity in Africa. Over the past 21 years, AMSCO has been living our vision of assisting African enterprises in becoming globally competitive, profitable and sustainable.

Through ebb and flow our team has been striving to assist our clients, which amounted to 202 companies as at 31 December 2010, to improve their sustainability. AMSCO's portfolio consisted of 55% Small companies, 25% Medium and 20% Large companies and, at the end of the year under review, with 304 AMSCO Managers seconded across 22 countries. On a continental scale, these numbers seem small to materially affect poverty alleviation, economic development, literacy and female empowerment in sub-Saharan Africa. However, a closer look at individual interventions indicates that, one business at a time, AMSCO is improving the lives of ordinary Africans. In Ghana, training was provided to 2,313 female shea nut pickers on topics ranging from HIV & AIDS Awareness and Prevention to Sustainable & Organic Harvesting. This training not only enhanced their skills for generating income, but also improved their knowledge on a healthier and disease free lifestyle. In Senegal, AMSCO seconded a manager to a client company that is already transforming the lives of rural dairy farmers, by as much as trebling their daily income, in an arid area more than 300 kilometres north of Dakar, dairy cattle are producing milk (which is processed further) instead of being slaughtered as the only source of income. In Nairobi, AMSCO provided a manager to assist a company in producing sugar cane bagasse on a commercial basis to reduce the use of fossil fuels by light industrial organisations, already saving thousands of litres of liquefied petroleum and hundreds of tonnes of coal. In Angola, AMSCO has provided multiple managers to an agricultural supply company, a market research company, an investment house and the retail industry, all with the aim of spurring economic development and local skills transfer in the wake of the exceptional economic growth of the country. This handful of examples clearly illustrates the AMSCO solution to stimulating economic growth by placing experienced expatriates in businesses, training local employees and by ensuring successful transition of roles to local individuals to continue the work initiated by the AMSCO Manager.

In 2010, AMSCO was once again able to post a net profit, amounting to USD41,266 for the sixth successive year. This was in spite of an expectation, at the beginning of the year, that a substantial loss would be incurred. For the year under review, the actual revenues achieved amounted to USD30,658,662, which was 10% lower than the budgeted amount. Exceptional expense management resulted in a saving of USD801,348 (12%) on a very conservative overhead budget. The financial performance of AMSCO is remarkable, given the economic conditions wherein it was achieved: some of the government challenges mentioned last year had been resolved but the upturn in revenues lingered until the end of the year; economic hardship in local economies hampered the ability of AMSCO to access new clients; reduced donor contributions to support needy clients. During the year, the ATMS Foundation committed USD4,257,982 towards AMSCO clients, and disbursed USD652,911 and USD852,434 respectively in training support and management support to clients. Recognizing that the training support leverages between 50% and 75% of clients' spend, these amounts reflect a substantial commitment towards skills development by the SME component of the AMSCO portfolio.

What is further commendable is the achievement by the Capacity Development team. A total of 9,519 people were trained on a range of core topics and customer specific training in comparison to 5,050 people in 2009. Together with IFC, AMSCO hosted a Managers' leadership workshop in Dakar for West African Managers and, later in the year, another workshop in Nairobi brought together AMSCO Managers from Kenya, Tanzania and Uganda. These AMSCO Managers' workshops aim to increase the understanding of the ATMS Project amongst the Managers, and, more importantly, to improve their management and leadership skills to better the results they achieve with client companies.

2010 was also the year that AMSCO and the ATMS Foundation teamed up to venture into project execution as a new business line. Through collaboration with key stakeholders, in these instances IFC and AfDB, the ATMS Foundation contracted AMSCO to implement an SME Development programme in Zambia and the Growth Oriented Women Enterprises (GOWE) programme in Kenya and Cameroon. Through these programmes, AMSCO executes the implementation of the capacity building, training and development activities that aims to improve SMEs and women enterprises. The launch of these programmes show positive signs for the collaboration of ATMS Foundation and AMSCO with stakeholders and is expected to herald in a new era for the future of ATMS and AMSCO.

Internally, AMSCO continued its focus on improved processes and systems:

- Better succession planning by AMSCO Managers for local successors and reduction of early terminations by Managers remained on the radar. The improvement of these processes started in 2009 and will carry on through continued evaluation and improvement; it is jointly overseen by the Recruitment, Capacity Development and Operational teams.
- Improved financial procedures are being strengthened further by the implementation of an integrated accounting system early in 2011; this will take AMSCO's management information systems to a new level for better performance management.
- Portfolio management has been re-evaluating the entire portfolio data and working with operations to increase data quality and to find ways in which the information provided by AMSCO Managers can be used to increase AMSCO's additionality to clients.
- In addition to the normal staff training, as per individual training needs assessments and allowed by the budget, AMSCO also embarked on a process of developing the next level of leaders for the organisation. Certain employees were attached to senior colleagues through an in-house coaching and mentoring programme that aimed to enhance their growth to leadership roles. This will continue in 2011.

As the ATMS Project cycle IV enters its second last year in 2011, AMSCO Management has been mandated by the Board to map out the future strategy of the organisation. The vision, in line with AMSCO's original *raison d'être*, is to introduce new business lines within AMSCO to transform it into a sustainable organization for delivering human capital to Africa. Management, together with the Board, will leverage the current capabilities of AMSCO to develop these new business lines – with the proven sustainability of AMSCO it is not envisaged that the organisation will incur financial risk, nor will it need to source funding for these planned business lines. Apart from developing new processes, procedures and staff skills to achieve the anticipated revenues, there will be no major investment required in infrastructure or assets. Management and the Board foresees that the current operational activities will continue for the foreseeable future, where after revenue streams from the planned additional business lines will add significantly to income streams of the future organisation. This is a process that will be implemented over the following seven years, pending the approval of a next, and final, ATMS project cycle by stakeholders.

AMSCO Management would like to thank the shareholders, donors, African Governments and other stakeholders of AMSCO and the ATMS Foundation for their continued support. Mr. Paul Hinchey retired from the AMSCO Board at the end of December 2010 and I especially thank him for years of service on the Board; his last 18 months as interactive and committed Chairman meant a great deal to me and the organisation. To the AMSCO team – without your continued efforts and commitments, none of these results would have been possible. Well done.

Paul Malherbe CEO and Managing Director of AMSCO BV

CEO'S MESSAGE



Robert Zegers
AfDB - AFRICAN DEVELOPMENT BANK
Chairman (incoming)



Paul R Hinchey
IFC - INTERNATIONAL FINANCE CORPORATION
Chairman (outgoing)



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



Sue Drummond Haley
IFC - INTERNATIONAL FINANCE CORPORATION
(incoming)

AMSCO DIRECTORS

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. The 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 provides quality tailored training, mentoring, coaching and technical assistance programmes that enables 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 to develop and grow local business service providers, AMSCO partners with local training firms where possible.

In addition to providing operational training to its clients, AMSCO carried out training programmes in strategic areas such as corporate governance, executive leadership development, quality management, HIV/AIDS, health & safety, and environmental standards as well as client specific programmes. During 2010, AMSCO continued to focus on forging new partnerships with training companies that provide the high-impact training services to African enterprises that need to build their management and operational skills bases. In addition to helping AMSCO clients run their training activities, the department also organised and ran eight successful open and in-house training programmes.

These programmes addressed the strategic and operational needs of AMSCO clients as well as companies that are not currently AMSCO clients. The department ensured the success of these programmes by partnering with high-quality local service providers. The department organised two forums for AMSCO Managers in West and East Africa, where they could network among themselves as well as interact with various stakeholders and AMSCO employees. These forums proved to be excellent platforms for AMSCO Managers to share their experiences and expertise with each other.

OUR OFFERING

OVERVIEW OF TRAINING DURING 2010

Category of Training	Type of Training	No. of Companies Trained	No. of Training Activities	No. of People Trained	No. of Females Trained
Corporate Governance	Corporate Governance	3	3	37	8
	Strategic Planning for Global Competitiveness	2	2	39	15
Executive Leadership Development	Senior and Executive Management; Leadership Development	9	13	79	27
	Middle Management Development; Seven Habits of Highly Effective People	2	2	10	3
	Supervisory	5	5	58	16
Quality Management	ISO Certification	6	6	927	904
HIV/AIDS, Health and Safety, Environmental Standards	Awareness, Advice and Support	11	12	2,450	2,359
	Industrial Training: Machine Operation, Technical Skills Development, Machine Maintenance, Production, Warehousing	21	35	357	98
	Technical/Specialised Training: Software Training (e.g. Sage, Peachtree, Pastel); Hospitality Training (e.g. Housekeeping, Food & Beverages); Project Management; Agriculture and Agribusiness; Procurement & Logistics	41	68	3,489	2,807
Client Specific Programmes	Banking & Finance/Insurance Training: Income Debt Securities, Mutual Fund Management, Tax Related Training; Risk Management and Insurance; Credit Management, Accounting; Treasury	40	89	872	352
	Soft Skills/Basic Training: Computer Literacy Courses; Customer Care Courses; Communication Skills Training; Presentation Skills Training; Team Building Courses; Negotiation Skills Training; Time Management; Sales & Marketing	42	77	1,154	459
	Administration and HR: Effective Administrator; Effective Personal Assistant; Secretarial; Workplace Ethics; HR Policies and Procedures; Labour Relations; Payroll	2	3	47	37
NUMBER OF PEOPLE TRAINED FOR THE YEAR		184	315	9,519	7,085



OPEN TRAINING PROGRAMMES

AMSCO introduced a series of open Leadership programmes in East Africa. These programmes addressed the following aspects of management and leadership: Leadership Development (LEAD), Leadership and Performance (LEAP), Leading Change and the Effective Negotiator. These successful programmes reached 62 participants, 34% of which were female.

The LEAD programme covered topics as diverse as Change Management, Strategy, Entrepreneurship and Leadership. It equipped participants with the tools and insights they need to manage diversity, drive employee and customer satisfaction, and boost the long-term performance of their businesses through periods of growth and recession. Some 13 participants took part in this programme, including five women.

The LEAP programme aimed at providing experienced managers with the skills they need to lead people in a way that ensures they deliver results. The programme aims to help leaders instill a culture of achievement in their organisation to promote long-term growth and develop future generations of leaders. Four delegates – including two women – participated in this programme.

AMSCO partnered with Kenya's Strathmore Business School to deliver the "Leading Change" seminar. This programme aimed to help leaders understand and embrace change in their businesses so that they can adjust to new business conditions and create innovative sources of value. The program reached 28 participants, of whom 36% were female.

The Effective Negotiator workshop helped to develop managers' negotiating skills and their ability to create win-win results in and out of work. Managers in the workshop learnt the practices and principles that underpin effective negotiations in a series of practical and interactive exercises. They also received tools to help them with negotiations after the course. Of the 17 attendees at the workshop, four were female.

IN-HOUSE TRAINING PROGRAMMES

AMSCO developed in-house programmes for four companies during the year with a view to addressing their specific business needs. Three of the companies reached were non AMSCO clients. The programmes ranged from leadership, coaching and mentorship initiatives through to occupational awareness, quality enhancement, work planning and work control training. The Capacity Development Department through the in-house programmes reached 78 participants, including 46 females.



AMSCO MANAGERS' FORUM

AMSCO hosted a managers' forum in Francophone West Africa that attracted 19 managers and another in East Africa that drew in 21 managers. The attendees participated in presentations from key stakeholders and AMSCO followed by two days of leadership seminars for the AMSCO Managers. AMSCO partnered with a Business Edge-certified service provider for the Senegal Leadership Forum while KPMG Training Solutions delivered the Leadership Seminar in Kenya.

CAPACITY DEVELOPMENT INITIATIVES FOR 2011

AMSCO will keep supporting the development of local skills in its client companies by assessing their training needs, developing training programmes and evaluating the impact of these programmes. The team will also continue to work with AMSCO expatriate managers to ensure that local successors will be able to take their place when they leave.

The Department plans to increase the number of open and in-house programmes in each country in response to market needs. The programmes will target company, sector and country needs to ensure that they are relevant to the participants. The Capacity Development Department will continue to work closely with reputable training providers to deliver these programmes.

DEVELOPMENT IMPACT

The ATMS IV Project supports SMEs that have strong growth prospects and the ability to positively impact social and economic development in their countries or regions. The ATMS Project looks for clients that are willing to embrace corporate governance to enhance their long-term competitiveness, efficiency and sustainability. As part of the relationship with clients, they undertake to subscribe to the good governance practices and principles of the United Nations Global Compact.

The ATMS Project has set out the following primary objectives:

- To assist a larger number of SMEs with interim management
- To improve revenues and profitability of the companies it assists
- To develop local successor managers and transfer managerial skills to local employees
- To increase the number of local skilled employees
- To enhance employment creation and sustenance

AMSCO's real-time portfolio management system tracks and reports on the ATMS portfolio's performance against its mandated outcomes.

PORTFOLIO COMPOSITION

AMSCO seconded 304 management professionals to 202 client companies between January 2010 and December 2010. In the same timeframe, AMSCO successfully exited 30 projects where 53 managers completed their assignments. SMEs accounted for 80% of the active portfolio, while the portfolio grew by 15% to December 2010. Of the AMSCO Managers at client companies, 54% occupy senior to executive level management functions, while 27% are functional heads, 12% are in operational roles and 7% hold technical positions.

Salient features of 2010

202	Number of active projects by end of 2010
304	Number of managers seconded to client companies by end of 2010
61,152	Total employment (jobs) supported by client companies in 2010
80%	Share of SMEs in the portfolio
USD2.8 billion	Total portfolio revenue in 2009
USD293 million	Net portfolio profit in 2009
USD85 million	Taxes paid by the AMSCO portfolio to governments in 2009
9,519	Total number of people trained in 2010
USD4.3 million	Total grants approved in 2010

PORTFOLIO IMPACT REPORT



AI ENTERPRISES MALAWI

Sector: Food & Beverages
Location: Malawi
Number of Employees: 150 (projected)

Grant Amount: USD71,250

The Challenge

AI Enterprises was established in 2008 to manufacture energy biscuits for sale in Malawi and surrounding countries. The company recognised from the outset that it would need to find people with a high level of technical, operational and management expertise in the food and beverages market to help it set up the factory. It also wanted assistance in recruiting and training factory workers.

The Solution

AMSCO's involvement in AI Enterprises started when the company was still in the process of finalising its business plan and establishing its factory. AMSCO helped the company to recruit a biscuit manufacturing expert from India in May 2010 as its Factory Manager. The ATMS Foundation provided management support funding of USD45,000 towards the cost of the expert.

The AMSCO Manager helped AI Enterprises to plan, build and test the biscuit manufacturing line. His expertise ensured that the company made the most of its available space and facilities when it installed the manufacturing equipment for its factory.

AI Enterprises started the process of recruiting staff for the factory during 2011, guided by the AMSCO Manager in the recruitment and training of these employees. Most of the staff that AI Enterprises has recruited to date have only basic skills and will need substantial training in the months to come.

The company and AMSCO have finalised a training plan, which will be partly funded by the ATMS Foundation grant of USD26,250. The training process will transform the staff complement into a workforce that is able to manufacture biscuits to accepted international standards.

The Impact

AMSCO accepted AI Enterprises as a client because of the potential developmental impact of the company. Not only will it eventually provide employment for 150 Malawians, but it will also manufacture an affordable and nutritious food product for the regional market.

AMSCO attended the official Presidential inauguration of the company's state-of-the-art factory in March 2011. The President of the Republic of Malawi was impressed with the factory, which was built at a cost of USD1 million. The project promoters commended AMSCO and the UNDP for the support they gave to AI Enterprises, in a speech delivered before the President.

AI Enterprises is now geared-up for full production and is embarking on an aggressive marketing programme to take its products across the country. It is also set to fast-track its training programme in partnership with AMSCO.

PROJECT HIGHLIGHTS

AFRIQUE EMERGENCE ET INVESTISSEMENTS

Sector: Financial Services
Location: Cote d'Ivoire
Number of Employees: 66

Grant Amount: USD77,250

The Challenge

Afrique Emergence et Investissements (AE&I) is a microfinance institution which offers financial services to micro SMEs in Cote d'Ivoire with a special emphasis on activities that help women to generate income. Its products include savings accounts and microloans. The institution has six branches in Abidjan and one in Sassandra, which serve a total of 4,800 clients with a credit portfolio of CFA Franc 1bn (approximately USD2.2 million).

AE&I aims to be the first microfinance institution to be listed on the Cote d'Ivoire Stock Exchange. The company recognised that it would need to strengthen its management team to meet its ambitious growth plans for the future, which included expansion of its product range, growth into new market segments and diversification of its funding sources.

The Solution

AMSCO Manager signed an agreement with AE&I to provide it with technical and management skills

that will help the company to develop an effective and sustainable growth strategy. The AMSCO Manager seconded to the company was given the brief of helping it to tighten up its systems and processes, improve customer service, improve corporate governance and expand into new products and market segments.

The Impact

AMSCO recognised that providing its services to AE&I would be an opportunity to work with a company that has the potential to make a dramatic impact on the economy in Cote d'Ivoire. The microfinance sector in the country helps to sustain around 100,000 jobs. The microcredit capital AE&I offers to men and women alike has helped many poor people to create sustainable small businesses that provide them with a regular flow of income. The institution is fostering a culture of savings among its clients; in addition, it provides business training that helps clients to successfully run their small enterprises.

The savings products and emergency loans offered by AE&I stabilise income levels for its clients, reducing the vulnerability of people living on the edge of the subsistence threshold. They are able to progress from daily survival to planning for their future, since they are able to acquire property and make financial investments for the first time. The institution's loans also free poor people from their dependence on the expensive or unreliable financial services provided by informal sources. Access to affordable and reliable financial services means that AE&I's poor clients are able to better manage unforeseen expenses that arise in their day-to-day lives.

More than 70% of AE&I's clients are women, who are able to improve their nutrition, living conditions, health and the education of their children, thanks to the financial aid they receive from the institution.

PROJECT HIGHLIGHTS



The reforms of recent years and greater stability are making Africa a more hospitable environment for new investment. More than ever, the demand for talent, leaders and managers is needed to ensure that African businesses can be more competitive, deliver jobs, and create opportunities. AMSCO has played an important role in helping companies and their workers build sustainable businesses 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)

Abridged Statement of Income for the period ended 31 December	2010 USD	2009 USD	2008 USD
Revenues	30 658 662	30 031 834	31 989 530
Cost of sales	(24 952 556)	(24 288 616)	(25 868 748)
Gross profit	5 706 106	5 743 218	6 120 782
Other operating incomes	397 904	499 845	544 785
Administrative and operating expenses	(5 971 670)	(6 228 207)	(6 128 422)
Finance income (expenditure)	(91 074)	(1 244)	(388 604)
	(5 664 840)	(5 729 606)	(5 972 241)
Total comprehensive income for the year	41 266	13 612	148 541

Abridged Statement of Financial Position as at 31 December	2010 USD	2009 USD	2008 USD
Assets			
Non current assets	640 794	1 224 371	1 316 851
Current assets	10 300 391	8 342 935	7 334 476
Total assets	10 941 185	9 567 306	8 651 327
Equity and liabilities			
Equity attributable to equity holders	3 332 434	3 291 168	3 277 556
Liabilities	7 608 751	6 276 138	5 373 771
Total equity and liabilities	10 941 185	9 567 306	8 651 327

*KPMG Accountants N.V., the company auditors, have issued an unqualified opinion. The complete audited report is available at the company's registered office.

AMSCO FINANCIAL OVERVIEW



Paul Malherbe
CEO and Managing Director



Adayapalam Sankaran Mani
CFO



Abraham Lanor
Regional Manager Southern Africa



Kofi Andah
Regional Manager East Africa



Mohammed Ky
Regional Manager
West and Central Africa



Anabela Appleton
Company Secretary and
Donor Relations Co-ordinator



Susan Munyori
Capacity Development Manager



Phetsile Ndzinisa
Human Resource Manager



Randy Ramouthar
IT Manager
(from 1 January 2011)



Heather O'Shea
Recruitment Manager



Albert Gumbo
Communications and
Marketing Manager



Fatuma Abdullah
Business Process Manager

AMSCO MANAGEMENT



In 2010, The ATMS Project continued its efforts to nurture and develop the Private Sector in Africa – specifically the Small and Medium Enterprises through the management and capacity building interventions geared to making the companies competitive and sustainable, thereby contributing to job creation, income generation and improved livelihoods.

The ATMS Foundation issued new commitments amounting to USD4.3 million in support of management and local skills development to 56 SMEs spread across 17 countries in Africa. This amount reflected an increase of 30% compared to 2009 where a total of USD3.3 million was committed. A total of 105 SMEs had grants as at the end of December 2010. This assistance to the African enterprises was made possible largely through the excellent efforts of the fundraising team and the continued commitment and support received from the donor community who in 2010 alone, made new commitments to the ATMS Foundation totalling USD6.6 million.

The effects of the financial crisis continued to bite most SMEs supported which in turn affected the overall funds disbursed to clients. As a result, there was a marginal reduction of 10% in the funds disbursed to clients from USD1.7 million in 2009 to USD1.5 million in 2010. Clients were not able to undertake the capacity development activities as planned due to tight cash-flows and could not meet their sharing ratio of committed funds. A total of USD652,911 was disbursed towards capacity building and USD852,434 towards management support. The finance and insurance sector was the highest recipient of funding, followed by the tourism sector, which was closely followed by agriculture, textile and apparel.

Overall, a total of 9,519 people received training during the year reflecting an 88% increase in the number of trainees compared to 2009 where 5,050 people were trained. Of these, 5,919 attended training programmes that addressed specific technical areas of business such as machine maintenance, hospitality training, finance and insurance, sales and marketing amongst others. The training programmes held in the year also addressed cross cutting development themes of HIV & AIDS, environmental standards and health and safety. In these areas, 2,450 people were trained. Good corporate governance and leadership are key for organizational sustainability and the continued emphasis on these areas led to 37 people attending corporate governance training and 128 attending leadership training.

In recognition of the critical development roles played by the AMSCO Managers, the ATMS Foundation sponsored an AMSCO Managers' workshops in Dakar, Senegal for Francophone West Africa clients that attracted Managers from Senegal, Cote d'Ivoire, Togo and Mali. Another workshop was held later in the year for AMSCO Managers in East Africa that had representation from Kenya, Uganda, and Tanzania. The workshops were a great success in, not only networking with the Government representatives and other stakeholders present, but also amongst the managers. Several business linkages were established amongst complimentary businesses. Support to these workshops will continue in the years to come.



'The ATMS Project continued its efforts to nurture and develop the Private Sector in Africa'

CHAIRMAN'S MESSAGE

Building on the lessons learned from the implementation of Gender Mainstreaming pilot programme in prior years, ATMS/AMSCO have taken on implementation of two unique programmes in partnership with our key stakeholders. The African Development Bank's Growth Oriented Women Enterprises Programme implementation was transitioned from the IFC PEP Africa to ATMS/AMSCO. This programme is under implementation in Kenya and Cameroon and has a guarantee facility with partner banks through which loans are provided to women, as well as a technical assistance component which provides business management skills to the women entrepreneurs. The second initiative is a technical assistance programme targeting SMEs in Zambia. This programme is implemented in support of the African Development Bank's line of credit given to two banks in Zambia. Initial results of the implementation of these programmes are very promising and will be reported on in the coming year. These programmes are very well aligned to stakeholders and Government priorities and as such give endorsement to the relevance of the ATMS operation.

With the reported potential economic growth of different market sectors within the continent as well as with the various on-going regionalization initiatives and opportunities therein, the demand for grant funding will be high. I am, however, confident that with the continued commitment and support from donors to the ATMS Foundation which under the current funding cycle has received USD15 million by way of donor commitments, we shall achieve our development mandate.

Jan Berteling *Chairman, ATMS Foundation Board of Trustees*



Jan Berteling
The Netherlands
Chairman



Mohammed Bourenane
AfDB - AFRICAN
DEVELOPMENT BANK
(outgoing)



Martin Fianu
UNDP - UNITED
NATIONS DEVELOPMENT
PROGRAMME



Sven Riskaer
Denmark



Mary-Jean Moyo
IFC - INTERNATIONAL
FINANCE CORPORATION



Ali Mufuruki
Tanzania



Sibry Tapsoba
AfDB - AFRICAN
DEVELOPMENT BANK
(incoming)

ATMS FOUNDATION TRUSTEES



FUNDRAISING

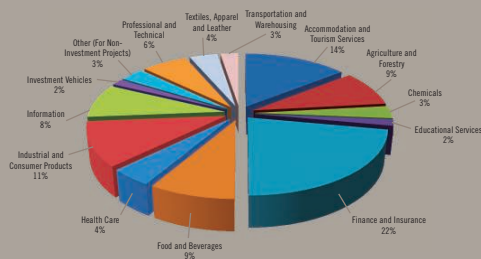
The funding budget for ATMS IV is USD25 million. As at December 2010, total commitments from Donors amounted to USD14.7 million against USD8.3 million reported at the end of 2009. This significant increase reflects the support the ATMS Foundation received from the donors and stakeholders despite the financial crisis. The total commitments received from donors in 2010 were USD6.6 million which included some restricted funds for specific projects.

GRANT COMMITMENTS TO AMSCO CLIENTS

During the year under review, the ATMS Foundation committed grants amounting to USD4.3 million to 56 new AMSCO clients spread across 17 countries in Africa. The grants were made in support of AMSCO's Management and Capacity building interventions to the client companies and are expected to support the businesses over a 3 year period and was allocated as follows: USD2,114,860 towards management support intervention and USD2,143,122 towards capacity building. ATMS Foundation Grant allocation represents a maximum of 25% to 50% of the total capacity development budget per client company.

These grants reflect a significant improvement in the total grant amount compared to 2009 where the total grants awarded amounted to USD3.3 million. This was made possible through the excellent support that was received from donors by way of commitment and cash paid to the ATMS Foundation.

2010 GRANT COMMITMENT PER SECTOR



GRANT DISBURSEMENTS TO AMSCO CLIENTS

The grant disbursement rate declined due to the financial difficulties experienced by the companies supported. As a result, a total of USD1.5 million was disbursed in 2010 compared to USD1.7 million in 2009 and USD2.3 million in 2008. This trend is expected to reverse in 2011 due to improved performance in client companies.



'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

ATMS FOUNDATION FINANCIAL OVERVIEW

Abridged Statement of Income for the period ended 31 December	2010 USD	2009 USD	2008 USD
Administrative expenses	(659 659)	(763 032)	(744 912)
Training expenses reimbursed to clients	(507 480)	(669 520)	(878 915)
Management support paid to clients	(852 434)	(816 259)	(1 145 805)
Training execution paid to AMSCO	(145 431)	(184 845)	(229 785)
Funding for AMSCO projects	(213 520)	(234 563)	(288 911)
GOWE programme expenses	(124 312)		
Gender mainstream	(4 314)	(91 813)	(107 394)
Zambia SME programme expenses	(50 631)		

Total expenditure	(2 557 781)	(2 760 032)	(3 395 722)
Finance income (expenditure)	(26 240)	60 074	123 547

Total comprehensive income (expenses) for the year	(2 584 021)	(2 699 958)	(3 272 175)
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Abridged Statement of Financial Position as at 31 December	2010 USD	2009 USD	2008 USD
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Assets

Current assets	5 652 513	6 139 840	6 424 745
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Total Assets	5 652 513	6 139 840	6 424 745
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Fund Capitalization and Liabilities

Fund Capitalization	3 760 454	4 446 244	5 097 099
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Liabilities	1 892 059	1 693 596	1 327 646
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Total fund capitalization and liabilities	5 652 513	6 139 840	6 424 745
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*KPMG Accountants N.V., the foundation auditors, have issued an unqualified opinion. The complete audited report is available at the company's registered office.

ATMS FOUNDATION OPERATIONS OVERVIEW



UAP INSURANCE UGANDA LTD

Sector: Financial Services - Insurance
Location: Kampala, Uganda
Number of Employees: 65

The Challenge

UAP Insurance Uganda is the third-largest of the 20 insurance companies in Uganda. It is 51% owned by UAP Insurance of Kenya, with the balance of the company owned by 20 individual shareholders who are mostly Ugandan nationals.

The company approached AMSCO in 2005 for management support, just shortly after UAP Insurance of Kenya acquired a majority shareholding in the business. Two years later, UAP Uganda once again approached AMSCO with a request to second a manager to its business to serve as head of Individual Life.

The company required these managers to help it streamline its operations to improve quality and profitability as well as improve risk management and limit its risk exposure. It also identified expanding its product range and enhancing the customer experience as pressing business priorities.

The Solution

AMSCO seconded Isaac Gunda to the position of General Manager and Denson Lungu to the role of Head of Individual Life. These managers were tasked with helping UAP Insurance Uganda to develop and implement appropriate strategies to grow the business.

In addition, they put strong risk management and reinsurance processes in place to safeguard the interests of the company and its customers. Finally, they looked closely at the company's customer service standards to ensure that it could offer a better customer experience than its competitors.

The Impact

The AMSCO intervention has helped to ensure that a company that plays critical role in the Ugandan economy is set on a course of sustainable growth for the future. UAP Insurance Uganda's financial performance has improved dramatically since the AMSCO intervention.

Revenues grew from USD7.5 million in 2005 to USD13.7 million in 2009. Profits increased from USD383,314 to USD1.9 million in the same timeframe, while income tax contribution increased from USD255,257 in 2005 to USD739,387 in 2009.

With the help of the AMSCO Managers, UAP Insurance Uganda was able to dramatically improve cost-effectiveness by achieving reinsurance savings. It also increased underwriting capacity by 30%.

The new life insurance department established by the AMSCO Manager has grown tremendously and now contributes 7.5% of company revenues. During the past two years, UAP Insurance Uganda has introduced a range of new products including offerings for oil & energy insurance, unit-linked retirement annuities, school comprehensive medical insurance, political violence cover, funeral insurance and sunset plan.

UAP Insurance Uganda has embarked on a range of skills development and training programmes, including the largest training programme for its industry in 2009. It has trained staff in areas as diverse as technical insurance, people management, life insurance products, advanced selling skills and team-building.

The AMSCO Managers have also helped to improve corporate governance standards at UAP Insurance Uganda. They have instilled a culture that values integrity and ethics following an organisational restructuring and the implementation of the new corporate image. UAP Insurance Uganda achieved ISO 900:2008 certification and an A+ credit rating from the Global Credit Rating Company under the AMSCO Managers' watch.

UAP Insurance Uganda was voted the insurer of the year in 2009 and won awards for claim handling, product development and service delivery. This award underlines the service excellence and robust performance of the company in the past two years.

AFRICAN PARKS NETWORK (APN) - BANGWEULU

Sector: Tourism and Hospitality
Location: Zambia
Number of Employees: 98

Grant Amount: USD60,000

Project Background

African Parks Network (APN) is a private park management institution in Africa that takes on a long-term responsibility of managing protected areas, in partnership with governments and the community. Its approach combines world class conservation practice with business expertise. Emphasis is placed on achieving financial sustainability of the parks, principally through tourism, related private enterprises and payments for eco-system services which serve as a foundation for economic development and poverty alleviation.

APN assists in the management of the Bangweulu ecosystem and its surroundings. Bangweulu is a key area set aside or identified for conservation or wildlife management purposes. It stretches northwards to include Lake Bangweulu and other adjoining smaller lakes, swamps, floodplains, islands and adjoining woodlands above flood levels. The Bangweulu Wetlands is the only place in Africa where the black lechwe still occurs in significant numbers. The population at the present time is estimated to be 80,000 to 100,000 and it is thus one of the major assemblages of wildlife left on earth.

PROJECT HIGHLIGHTS

PROJECT HIGHLIGHTS



The wetlands also support a population of the swamp-dwelling sitatunga and at least 1,000 tsessebe. Bangweulu is classified as an Important Bird Area by Birdlife International as part of its effort to identify a network of sites that are critical for the conservation of the world's birds, and furthermore the Chikuni area was designated as a Ramsar Site in 1991. Bangweulu is especially well known as a stronghold of the enigmatic Shoebill, and a large population of Wattled Crane. The wetland system supports a large but declining fish population as local communities heavily depend on this fish resource for their livelihood.

The Challenge

The Bangweulu ecosystem providing habitation to a range of animals and birds, had been mismanaged to the point that a number of species were on the verge of extinction. This was largely due to lack of resources, manpower and expertise, since the wetlands were not under any professional management.

The Solution

African Parks Network came on board as a private sector partner for the area, and has worked to set up The Bangweulu Wetlands Management Board, a non-profit company made up of local community representatives, national and international conservationists, Zambia Wildlife Authority (ZAWA) and African Parks representatives.

Through the intervention of AMSCO, the Park has recruited two experts in the position of a Parks Manager and Tourism and Marketing Manager. Through the efforts of these experts, the Bangweulu Wetlands has been able to achieve the following:

Law of Enforcement

- A total of 85 law enforcement personnel have been recruited including the Head of Law Enforcement, 58 Village Scouts, 24 ZAWA officers and 2 drivers.

Village scout selection, Kopa Community

- Village Scouts have undergone a 10 week training course under ZAWA in Mtuwe (23 partook in this year's training) and selected personnel have had extra training in GPS, data collection, communications and report writing.
- All personnel have been issued with full uniforms and patrol kit and patrol teams carry GPS, binoculars, data-loggers and cameras. All teams, camps and vehicles are equipped with VHFradio communications. Management, administration and monitoring systems have commenced and an incentive and rations schedule has been implemented. Over 70 suspects have been arrested and tonnes of bush meat, firearms, bicycles and other equipment confiscated.

Conservation

- The priority on the conservation component of the project is to establish baseline data for the project and get an overview of the area for future zonation, planning and management.
- GPS data, maps, shape files and tracks were provided to form the start of the GIS database.

Tourism

- The wetland is gradually opening up to community based tourism income generation activities for the project from both hunting and photographic tourism.

The Impact

AMSCO has been able to impact the community by introducing professionalism into the management of Bangweulu Parks. The project has created a number of job opportunities (from staff size of 2 to 98) and also achieved a sharp increase in the animal and birds stock level of the Park. What makes this project unique is that it is one of the first protected areas in Zambia to be owned and conserved by the local communities, whilst being jointly managed by African Parks who have a day-to-day responsibility for running the project, and ZAWA who are playing a guiding and supporting role.

As a result, most work to date has been focused on developing relationships with key stakeholders across the local communities (Bwalyamponda, Chitambo, Chiundaponde, Kabinga, Kopa) and identifying community facilitators, whilst also developing good collaborative partnerships with ZAWA and the Community Resource Boards.

PROJECT HIGHLIGHTS

PROJECT HIGHLIGHTS

"SMEs driving African Economic Growth"



A vibrant private sector, especially SME sector is critical for sustained economic growth and poverty alleviation. SMEs form the backbone of the private sector and their number represents 97-99 % of all enterprises generating over 90% of employment in the enterprise sector. Research also indicates that in most cases the SME sector outperforms public enterprises in overall turnover, value added and exports. Therefore, investment in the growth and development of SMEs offers important opportunities for a meaningful and rapid increase of employment and economic growth. Access to affordable finance and business support services are key in this process.

Africa is in a process of economic transition, with an ongoing democratization, improved business enabling environments, strongly increased private sector activity and international trade, and a transformation within the SME sectors itself. A growing number of smaller businesses is operated through entrepreneurially driven owners, who run professional and competitive businesses based on sound internal investment approaches, adequate management systems, and the application of up-to-date technologies, and who seek to grow and expand their enterprise by creating business links with larger enterprises and by realising international trade opportunities.

AMSCO plays an important contribution in this process with around 300 managers placed in 22 African countries, of which 80% is placed within SME companies, to assist these companies to enhance their competitiveness and to grow within the local and international environment, before handing over to local successors. AMSCO offers great opportunities in particular for African nationals with experience gained elsewhere to return to Africa and to assist local SMEs in their growth ambitions. Development impact assessments have reconfirmed the important contribution of AMSCO to enterprise growth and job creation, and the example of such successfully growing SMEs for other enterprises cannot be overestimated.

Africa changes and AMSCO is changing with it. AMSCO is planning some adaptations in its operating model and services, which will ensure that the company remains competitive in its offerings to its clients. We firmly believe, therefore, that AMSCO continues to play a key role in capacity building of SMEs, and the AIDB is pleased to remain closely associated with AMSCO.

Tim Turner
Director Private Sector and Microfinance Department
AIDB (African Development Bank)



Pauline Mbayah
Foundation Director



Anabela Appleton
Company Secretary and
Donor Relations Co-ordinator

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