

## **Management Subsidy**

**Purpose:** Financial support to private companies in Africa that cannot afford the full costs of having a qualified, experienced and professional manager.

**Beneficiary:** Company specific- SMEs<sup>1</sup> in Africa

### **Eligibility criteria – Management subsidy**

#### **1. Inability to afford the full cost of services**

The client or potential client company must demonstrate a genuine inability to afford the full cost of AMSCO services. This inability has to be determined by means of a thorough and in-depth diagnostic analysis of the historical and current financial status of the Company and its promoters (shareholders). The client should also achieve and report development goals including employment generation, improved profitability, improved governance, etc.

#### **2. Maximum grant**

As a general criteria, the maximum management subsidy is US\$50,000 per AMSCO seconded manager, per year, up to a maximum of two managers. Subsidies above this amount may be considered in exceptional cases and must be approved by the Foundation Board. However, the total approved subsidy must not exceed 50% of the total AMSCO management fee charged to the Company over the contract period. Travel costs will follow general AMSCO guidelines and will by default be economy class when travel time is below 9 hours.

#### **3. Performance related bonus**

The inclusion of a performance related bonus clause in all AMSCO contracts is encouraged and gradually being enforced. However, where a management subsidy is granted to a client, the bonus clause shall be mandatory with specific terms agreed in the contract.

#### **4. Distressed countries**

While these guidelines and criteria shall generally be respected, exceptions may be made with the approval of the Stichting Board for a limited number of clients/potential clients whose enterprises are located in distressed countries caused by political turmoil, war, natural disasters, etc., and whose activities represent important national or regional strategic interests.

#### **5. Pro-rata disbursement of grant**

The management subsidy approved for any client shall be pro-rated and discounted if the contract is prematurely terminated. The pro-rated sum shall be communicated to the client and shall be claimable only within a six-month period after termination date and upon submission of relevant documentation to AMSCO

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<sup>1</sup> SMEs = Small Medium Enterprises whose total assets are less than USD\$15Million.

## **Training Subsidy**

**Purpose:** Financial support to a private company which cannot afford the full costs of training its staff. The training programme can be tailor-made to a specific employee or a group of employees. A group of companies can also apply for a subsidy for a common manager training programme.

**Beneficiary:** Company specific -SMEs in Africa – one company or a group of Company

### **1. SME**

In principle, AMSCO's SME clients may qualify for a training subsidy to assist in meeting a portion of the cost of AMSCO-sponsored management development and training programmes for the staff of the company in line with the overall goal of the UNDP's African Training & Management Services (ATMS) project. Larger clients may qualify for training subsidy only in exceptional cases (e.g., compelling development case) with prior approval from the Stichting Board. Generally however, AMSCO can provide technical and related support to large companies without subsidy.

### **2. Less than 75%**

Any subsidy for training shall not exceed 75% of the total training budget of the company as determined by AMSCO through established training requirements. The training budget must clearly indicate cost items, total amount, and the allocation between the client and Stichting.

Clients must cover minimum of 25% or more of the training cost to demonstrate an interest in and recognition for the real value of staff training as a worthwhile investment to ensure the long-term survival of the enterprise.

### **3. Agree to implement training and reporting**

The client must agree, as part of the management services agreement and also part of the contract with the Stichting, to implement the training programme identified and based on a need assessment by AMSCO, and to provide periodic reports to AMSCO on the progress of the training program including agreed targets and performance indicators.

### **4. Subsidy limits**

- (a) for "stand-alone" companies the maximum subsidy of US\$100,000 may be approved and allocated for training;
- (b) for "Group" of companies (e.g., AMSCO clients belonging to the same group with several managers), the maximum subsidy of US\$250,000 may be approved and allocated for training.

On exceptional cases, Stichting Board approval is required for subsidies above (a) and (b).

### **5. Distressed countries**

While these guidelines and criteria shall generally be respected, exceptions may be made with the approval of the Stichting Board for a limited number of clients/potential clients

whose enterprises are located in distressed countries caused by political turmoil, war, natural disasters, etc., and whose activities represent important national or regional strategic interests.

**6. Pro-rata disbursement of grant**

The management subsidy approved for any client shall be pro-rated and discounted if the contract is prematurely terminated. The pro-rated sum shall be communicated to the client and shall be claimable only within a six-month period after termination date and upon submission of relevant documentation to AMSCO Non-AMSCO clients pay full cost Non-AMSCO clients shall be encouraged to participate in specific training programmes but their cost of participation may have to be fully borne by them.

**7. Claims expire after 6 months**

Claims from clients in respect of training costs incurred shall only be valid if received by AMSCO within six months of the expiry of the Management & Training Agreement